

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume I

(19th January to 21st February, 1927)

FIRST SESSION
OF THE
THIRD LEGISLATIVE ASSEMBLY, 1927



DELHI
GOVERNMENT OF INDIA PRESS
1927

Legislative Assembly.

The President :

THE HONOURABLE MR. V. J. PATEL.

Deputy President :

MAULVI MUHAMMAD YAKUB M.L.A.

Panel of Chairmen :

MR. M. A. JINNAH, M.L.A.

THE REV. DR. E. M. MACPHAIL, M.L.A.

MR. M. R. JAYAKAR, M.L.A.

MR. K. C. NEOGY, M.L.A.

Secretary :

MR. L. GRAHAM, C.I.E., M.L.A.

Assistants of the Secretary :

MR. W. T. M. WRIGHT, C.I.E., I.C.S.

MR. S. C. GUPTA, BAR.-AT-LAW.

MR. G. H. SPENCE, I.C.S.

Marshal :

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

Committee on Public Petitions :

MAULVI MUHAMMAD YAKUB, M.L.A., *Chairman.*

MR. K. C. NEOGY, M.L.A.

MR. JAMNADAS M. MEHTA, M.L.A.

LIEUT.-COLONEL H. A. J. GIDNEY, M.L.A.

MR. C. DURAISWAMY AYYANGAR, M.L.A.

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**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

VOLUME IX

FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927



**DELHI
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1927**

THE
LEGISLATIVE ASSEMBLY DEBATES.
**(OFFICIAL REPORT OF THE FIRST SESSION OF THE THIRD
LEGISLATIVE ASSEMBLY)**

VOLUME IX.
FIRST VOLUME OF SESSION 1927.

LEGISLATIVE ASSEMBLY.

Wednesday, 19th January, 1927.

The Assembly met in the Assembly Chamber of the Council House in New Delhi at Eleven of the Clock, being the first day of the meeting of the Third Assembly, pursuant to S. 63D (2) of the Government of India Act.

MESSAGE FROM H. E. THE VICEROY.

Secretary of the Assembly: A Message has been received from His Excellency the Viceroy:

(The Assembly received the Message standing)

"In pursuance of the provisions of sub-rule (2) of Rule 3 of the Indian Legislative Rules, I, Edward Frederick Lindley, Baron Irwin, hereby appoint Mr. M. Ruthnaswamy to be Chairman of the Legislative Assembly."

(Signed) **IRWIN,**
Viceroy and Governor General.

Mr. M. Ruthnaswamy (Nominated: Indian Christians) took the Oath and occupied the Chair.

Mr. Chairman: In order that this, the first meeting of the Third Legislative Assembly, may be fully constituted, Members will now take the Oath or make the affirmation of allegiance to the Crown in the manner prescribed.

MEMBERS SWORN: .

The Honourable Sir Alexander Phillips Muddiman, K.C.S.I., Kt., C.I.E. (Home Member);

The Honourable Sir Charles Alexander Innes, K.C.S.I., C.I.E. (Member for Commerce and Railways);

The Honourable Sir Basil Phillott Blackett, K.C.B., K.C.S.I. (Finance Member);

- The Honourable Sir Bhupendra Nath Mitra, K.C.I.E., C.B.E. (Member for Industries and Labour);
- The Honourable Mr. Joseph William Bhone, C.I.E., C.B.E. (Member for Education, Health and Lands);
- Mr. S. Srinivasa Iyengar, M.L.A., (Madras City: Non-Muhammadan Urban);
- Mr. Varahagiri Venkata Jogia, M.L.A. (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural);
- Mr. T. Prakasam, M.L.A. (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural);
- Mr. Battena Perumalla Nayudu, M.L.A. (Guntur *cum* Nellore: Non-Muhammadan Rural);
- Mr. R. K. Shanmukham Chetty, M.L.A. (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural);
- Mr. A. Rangaswami Iyengar, M.L.A. (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural);
- Mr. Mudumbi Srinivasachariar Sesha Ayyangar, M.L.A. (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural);
- Mr. G. Sarvotham Rao, M.L.A. (West Coast and Nilgiris: Non-Muhammadan Rural);
- Mr. Abdul Latif Saheb Farookhi, M.L.A. (North Madras. Muhammadan);
- Maulvi Sayyid Murtuza Saheb Bahadur, M.L.A. (South Madras: Muhammadan);
- Khan Bahadur Haji Abdullah Haji Kasim, M.L.A. (West Coast and Nilgiris: Muhammadan);
- The Reverend Dr. Earle Monteith Macphail, C.I.E., C.B.E., M.L.A. (Madras: European);
- Mr. Kodiyalam Vasudeva Rangaswamy Ayyangar, M.L.A. (Madras: Landholders);
- Mr. Vidya Sagar Pandya, M.L.A. (Madras: Indian Commerce);
- Mr. M. R. Jayakar, M.L.A. (Bombay City: Non-Muhammadan Urban);
- Mr. Jamnadas Madhavji Mehta, M.L.A. (Bombay City: Non-Muhammadan Urban);
- Mr. Vithalbhai Javerbhai Patel, M.L.A. (Bombay Northern Division: Non-Muhammadan Rural);
- Mr. Fazal Ibrahim Rahimtulla, M.L.A. (Bombay Central Division: Muhammadan Rural);
- Mr. Narsinh Chintaman Kelkar, M.L.A. (Bombay Central Division: Non-Muhammadan Rural);
- Mr. Sarabhai Nemchand Haji, M.L.A. (Bombay Central Division: Non-Muhammadan Rural);
- Mr. Dattatraya Venkatesh Belvi, M.L.A. (Bombay Southern Division: Non-Muhammadan Rural);
- Mr. Mahomed Ali Jinnah, M.L.A. (Bombay City: Muhammadan Urban);

- Seth** Haji Abdoola Haroon, M.L.A. (Sind: Muhammadan Rural);
 Mr. Edward Francis Sykes, M.L.A. (Bombay: European);
 Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., M.L.A. (Indian Merchants' Chamber: Indian Commerce);
 Mr. Wadero Mahomed Panah Ghulam Kadir Khan Dakhan, M.L.A. (Sind: Muhammadan Rural);
 Mr. Wadero Wahidbaksh Illahibaksh Bhuto, M.L.A. (Sind Jagirdars and Zamindars: Landholders);
 Sir Victor Sassoon, Bart., M.L.A. (Bombay Millowners' Association: Indian Commerce);
 Mr. Nirmal Chunder Chunder, M.L.A. (Calcutta: Non-Muhammadan Urban);
 Mr. Tulsi Chandra Goswami, M.L.A. (Calcutta Suburbs: Non-Muhammadan Urban);
 Mr. Amar Nath Dutt, M.L.A. (Burdwan Division: Non-Muhammadan Rural);
 Mr. Kshitish Chandra Neogy, M.L.A. (Dacca Division: Non-Muhammadan Rural);
 Haji Chaudhuri Mohammad Ismail Khan, M.L.A. (Dacca Division: Muhammadan Rural);
 Mr. Anwar-ul-Azim, M.L.A. (Chittagong Division: Muhammadan Rural);
 Mr. Habbendra Chandra Roy, M.L.A. (Presidency Division: Non-Muhammadan Rural);
 Mr. Kabeer-ud-Din Ahmed, M.L.A. (Rajshahi Division: Muhammadan Rural);
 Mr. W. Arthur Moore, M.L.A. (Bengal: European);
 Colonel J. D. Crawford, D.S.O., M.C., M.L.A. (Bengal: European);
 Mr. Dharendra Kanta Lahiri Chaudhury, M.L.A. (Bengal: Landholders);
 Pandit Motilal Nehru, M.L.A. (Cities of the United Provinces: Non-Muhammadan Urban);
 Mr. Mukhtar Singh, M.L.A. (Meerut Division: Non-Muhammadan Rural);
 Pandit Hriday Nath Kunzru, M.L.A. (Agra Division: Non-Muhammadan Rural);
 Pandit Madan Mohan Malaviya, M.L.A. (Allahabad and Jhansi Divisions: Non-Muhammadan Rural);
 Mr. Ghanshyam Das Birla, M.L.A. (Benares and Gorakhpur Divisions: Non-Muhammadan Rural);
 Kumar Rananjaya Singh, M.L.A. (Fyzabad Division: Non-Muhammadan Rural);
 Mr. Tajiadduq Ahmad Khan Shervani, M.L.A. (Cities of the United Provinces: Muhammadan Urban);
 Mr. Ismail Khan, M.L.A. (Meerut Division: Muhammadan Rural);
 Maulvi Muhammad Yakub, M.L.A. (Rohilkund and Kumaon Divisions: Muhammadan Rural);

- Mr. Rafi Ahmed Kidwai, M.L.A. (Lucknow and Fyzabad Divisions: Muhammadan Rural);
- Mr. Tracey Gavin-Jones, M.L.A. (United Provinces: European);
- Pandit Thakar Das, M.L.A. (Ambala Division: Non-Muhammadan);
- Lala Lajpat Rai, M.L.A. (Jullundur Division: Non-Muhammadan);
- Mr. C. S. Ranga Iyer, M.L.A. (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural);
- Mr. Abdul Haye, M.L.A. (East Punjab: Muhammadan);
- Mr. M. K. Acharya, M.L.A. (South Arcot *cum* Chingleput: Non-Muhammadan Rural);
- Mian Mohammad Shah Nawaz, M.L.A. (West Central Punjab: Muhammadan);
- Raja Ghazanfar Ali Khan, M.L.A. (North Punjab: Muhammadan);
- Sayyed Hussain Shah, M.L.A. (North-West Punjab: Muhammadan);
- Khan Bahadur Makhdom Syed Rajan Bukhsh Shah, M.L.A. (South-West Punjab: Muhammadan);
- Sardar Kartar Singh, M.L.A. (East Punjab: Sikh);
- Sardar Gulab Singh, M.L.A. (West Punjab: Sikh);
- Lieutenant Sardar Muhammad Nawaz Khan, M.L.A. (Punjab: Landholders);
- Mr. Narayan Prasad Singh, M.L.A. (Darbhanga *cum* Saran: Non-Muhammadan);
- Mr. Gaya Prasad Singh, M.L.A. (Muzaffarpur *cum* Champaran: Non-Muhammadan);
- Pandit Nilakantha Das, M.L.A. (Orissa Division: Non-Muhammadan);
- Mr. Bhubanananda Das, M.L.A. (Orissa Division: Non-Muhammadan);
- Mr. Ambika Prasad Sinha, M.L.A. (Patna *cum* Shahabad: Non-Muhammadan);
- Mr. Ram Narayan Singh, M.L.A. (Chota Nagpur Division: Non-Muhammadan);
- Kumar Ganganand Sinha, M.L.A. (Bhagalpur, Purnea, and the Santhal Parganas: Non-Muhammadan);
- Mr. Siddheswar Sinha, M.L.A., (Gaya *cum* Monghyr: Non-Muhammadan);
- Maulvi Badi-uz-Zaman, M.L.A. (Bhagalpur Division: Muhammadan);
- Maulvi Muhammad Shafee, M.L.A. (Tirhut Division: Muhammadan);
- Mr. Dwarka Prasad Misra, M.L.A. (Central Provinces Hindi Divisions: Non-Muhammadan);
- Maulvi Syed Abul Hasan Natiq, M.L.A. (Central Provinces: Muhammadan);
- Seth Jamnadas, M.L.A. (Central Provinces: Landholders);
- Mr. Shrichandra Dutta, M.L.A. (Surma Valley *cum* Shillong: Non-Muhammadan);
- Maulvi Abdul Matin Chaudhury, M.L.A. (Assam: Muhammadan);
- Mr. William Stenhouse Lamb, M.L.A. (Burma: European);
- Lala Rang Behari Lal, M.L.A. (Delhi: General);

- Rai Saheb M. Harbilas Sarda, M.L.A. (Ajmer-Merwara: General);
- Mr. Keshav Chandra Roy, C.I.E., M.L.A. (Bengal: Nominated Non-Official);
- Prince Afsar-ul-Mulk Mirza Muhammad Akram Hussain Bahadur, M.L.A. (Bengal: Nominated Non-Official);
- Raja Muhammad E'jaz Rasul Khan, C.S.I., M.L.A. (United Provinces: Nominated Non-Official);
- Sardar Bahadur Sardar Jowahir Singh, C.I.E., M.L.A. (Punjab: Nominated Non-Official);
- Khan Bahadur Nawabzada Saiyid Ashrafuddin Ahmad, C.I.E., M.L.A. (Bihar and Orissa: Nominated Non-Official);
- Sir Walter Stuart James Willson, Kt., M.L.A. (Associated Chambers of Commerce: Nominated Non-Official);
- Rao Bahadur Mylai Chinnathambi Rajah, M.L.A. (Nominated: Depressed Classes);
- Mr. Lancelot Graham, C.I.E., M.L.A. (Secretary, Legislative Department);
- Mr. Gerard Mackworth Young, M.L.A. (Army Secretary);
- Mr. Evelyn Berkeley Howell, C.S.I., C.I.E., M.L.A. (Foreign Secretary);
- Sir Ganen Roy, Kt., M.L.A. (Director-General of Posts and Telegraphs);
- Mr. Alfred Alan Lethbridge Parsons, C.I.E., M.L.A. (Financial Commissioner, Railways);
- Mr. James Macdonald Dunnett, C.I.E., M.L.A. (Home Department: Nominated Official);
- Mr. Andrew Gourlay Clow, M.L.A. (Industries Department: Nominated Official);
- Mr. John Coatman, M.L.A. (Director of Public Information);
- Mr. Valangiman Krishnaswami Ayyangar Aravamudha Ayyangar, M.L.A. (Finance Department: Nominated Official);
- Mr. Frederick Buisson Evans, C.S.I., M.L.A. (Madras: Nominated Official);
- Mr. Richard Littlehales, M.L.A. (Madras: Nominated Official);
- Mr. Frederick William Allison, M.L.A. (Bombay: Nominated Official);
- Mr. Percy Barnes Haigh, M.L.A. (Bombay: Nominated Official);
- Mr. John Thomas Donovan, M.L.A. (Bengal: Nominated Official);
- Khan Bahadur Nasir-ud-din Ahmad, M.L.A. (Bengal: Nominated Official);
- Mr. Michael Keane, C.I.E., M.L.A. (United Provinces: Nominated Official);
- Khan Bahadur Mian Abdul Aziz, M.L.A. (Punjab: Nominated Official);
- Rai Bahadur Shyam Narayan Singh, O.B.E., M.L.A. (Bihar and Orissa: Nominated Official);
- Mr. Henry Challen Greenfield, M.L.A. (Central Provinces: Nominated Official);
- Mr. James Hezlett, M.L.A. (Assam: Nominated Official); and
- Mr. Harry Tonkinson, C.I.E., C.B.E., M.L.A. (Burma: Nominated Official).

MOTION FOR THE ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move:

"That this Assembly do proceed to the election, in such method as may be approved by the Chairman, of a Standing Finance Committee of the Assembly not exceeding fourteen in number to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee".

The reason for the urgency of this motion is that we are in great need of the services of the Standing Finance Committee. Normally it meets before the Session and has completed most of the work before the Delhi Session begins. This year we cannot begin the work until the Committee is in existence. As soon as the Committee is appointed we hope to have plenty of work for it; in fact we shall want meetings practically every day next week and probably the week after, if they can be arranged in accordance with the other duties of the Assembly. I should like to announce that the intention is that the first meeting should be held on Monday, the 24th, at 3 P.M. in a Committee Room of this House. Sir, I beg to move.

The motion was adopted.

MOTION FOR THE ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I beg to move:

"That this Assembly do proceed to elect, in such manner as may be approved by the Chairman, eleven Members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance".

My reasons, Sir, are the same as those just given by Sir Basil Blackett.

The motion was adopted.

Mr. Chairman: I may inform the Assembly that for the purpose of the election of these two Committees, namely, the Standing Finance Committee and the Standing Finance Committee for Railways, the Assembly Office will be open to receive nominations up to 12 Noon on Thursday, the 20th January, and the election will take place in this Chamber in accordance with the principle of proportional representation by means of the single transferable vote on Friday, the 21st January.

MOTION FOR THE ELECTION OF THE PUBLIC ACCOUNTS COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move:

"That this Assembly do proceed to elect eight Members to be members of the Committee on Public Accounts".

The motion was adopted.

Mr. Chairman: I may inform the House that arising out of the motion which has just been carried, the Assembly Office will be open to receive nominations up to 12 Noon on Saturday, the 22nd January, and the election will be held in accordance with the principle of proportional representation by means of the single transferable vote on Tuesday, the 25th January.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 20th January, 1927.

LEGISLATIVE ASSEMBLY.

Thursday, 20th January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. M. Ruthnaswamy in the Chair.

MEMBER SWORN:

Dr. A. Suhrawardy, M.L.A. (Burdwan and Presidency Divisions: Muhammadan Rural).

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I wish to make a statement in respect of the course of official business during the next week.

On Monday, the 24th, His Excellency the Viceroy will address the Assembly and no business will be taken on that date.

On Tuesday, the 25th, the House will first proceed to the election of Members to the Public Accounts Committee. Motions will next be made for leave to introduce Bills to amend the Negotiable Instruments Act, 1881, the Indian Securities Act, 1920, the Code of Civil Procedure, 1908 (Amendment of section 115), the Indian Limitation Act, 1908, and the Indian Registration Act, 1908, and the following Bills, which have already been published under rule 18 of the Indian Legislative Rules, will be introduced, namely:

- (1) the Currency Bill,
- (2) the Gold Standard and Reserve Bank of India Bill,
- (3) the Imperial Bank of India (Amendment) Bill,
- (4) the Steel Protection Bill,
- (5) a Bill further to amend the Indian Merchant Shipping Act, 1923, and
- (6) a Bill further to amend the Indian Income-tax Act, 1922.

A motion will then be made that the Gold Standard and Reserve Bank of India Bill be circulated for the purpose of eliciting public opinion thereon.

On Wednesday, the 26th, any business left over from Tuesday will be taken first. Thereafter a motion will be made for leave to introduce a Bill to amend the Code of Civil Procedure, 1908, in order to require security for costs to be given by the appellant in certain second appeals and the Steel Protection Bill will also be proceeded with, probably on a motion for reference to a Select Committee.

[Sir Alexander Muddiman.]

On Thursday, the 27th, after disposal of any business left over from the previous day, a motion will be made for leave to introduce a Bill further to amend the Code of Civil Procedure for the purpose of facilitating the execution of decrees and orders and for other purposes. Thereafter a motion will be made to refer to a Select Committee the Indian Income-tax (~~Amendment~~) Bill.

There will be no meeting of the House on Friday, the 28th, or on Saturday, the 29th.

ELECTION OF MR. PRESIDENT.

~~Mr. Chairman:~~ In accordance with the provision of sub-rule (8) of rule 5A of the Indian Legislative Rules I have to announce to Honourable Members that six nomination papers duly filled in have been received on behalf of Mr. Vithalbhai Javerbhai Patel. The names of the proposers and seconders are as follows:

	Pandit Motilal Nehru.
	Mr. K. C. Neogy.
	Mr. K. C. Roy.
	Lala Lajpat Rai.
	Seth Haji Abdoola Haroon.
	Mr. K. Ahmed.
	Mr. A. Rangaswami Iyengar.
	Mr. B. Das.
Seconders.	Mr. Sarabhai Nemchand Haji.
	Mr. M. R. Jayakar.
	Mr. W. M. P. Ghulam Kadir Khan Dakhan.
	Khan Bahadur Haji Abdullah Haji Kasim.

As the nomination papers have been received on behalf of any other Member, I declare Mr. Patel duly elected. (Applause.) In this connection I have received the following Message from His Excellency the Viceroy and Governor General.

(The Assembly received the Message standing.)

"In pursuance of the provisions of section 68C of the Government of India Act, 1, Edward Frederick Lindley, Baron Irwin, hereby signify that I approve the election by the Legislative Assembly of Mr. Vithalbhai Javerbhai Patel as President of the said Assembly."

(Sd.) IRWIN,
Viceroy and Governor General."

I accordingly invite Mr. Patel to occupy the Chair. (Applause.)

(The Chairman then vacated the Chair, which was occupied by the Honourable Mr. Vithalbhai Javerbhai Patel.)

The Honourable Sir Alexander Muddiman (Leader of the House): Sir, it is indeed with sincere pleasure that I congratulate you on your re-election to the Chair. You are entitled to a legitimate feeling of pride that you have been returned unopposed by your constituency at a general election which I have reason to believe was conducted with some acrimony. It must, Sir, be even more gratifying to you to find that you are returned

to your old seat in the Chair without a single dissentient voice. If I may do so, I should like to take the opportunity of congratulating this House on what I hope may be the first of a series of happy precedents, which will in time develop into a convention, that, normally speaking, the House will re-elect its President if he offers himself for election. Sir, it is further your proud privilege to be the first President to preside over our deliberations in this magnificent Chamber, which, I doubt not as years go on, will come to be associated with the atmosphere of romantic interest that attaches to a place where great events have been transacted. There can be no one with a spark of imagination who has stood in that Hall, that famous Hall at Westminster, and looked without a sense of emotion at the Chair which so many distinguished men have occupied and which by and through their efforts has come to be regarded as the outward and visible sign of Parliamentary procedure in all English-speaking nations throughout the world. Sir, when for those who sit in this House the last question has been answered, the last division bell has rung and the last Resolution has been carried—alas I am afraid without a dissentient voice—after us there will come generations yet unborn who will look upon the Chair in which you are now sitting and will, I am sure, feel that pride in the continuity of its history that is felt by anyone who looks at that older Chair in Westminster. I feel with confidence that they will refer with justifiable pride to the first occupant of the Chair (Applause) I do not on this occasion, Sir, think it necessary to reaffirm those assurances of continual support to you, Sir, and to the Chair that I made on the occasion of your first historic election. I am sanguine enough to think that experience and time have proved that those assurances were real by the best test—the test of work. The relations between the Chair and the Leader of the House are inevitably close, they are often delicate and they are always of great importance to the proper conduct of the business of this House. It is therefore with personal satisfaction, Sir, that I see your re-election as an assurance that those pleasant relations which had previously existed between the Chair and myself are likely to be continued and I hope extended.

Sir, one word more and I have done. This is the third Legislative Assembly under the Act. I think to all it must be obvious that its term will be a very important period in the constitutional history of India and to some it may appear that it may be decisive in its influences on that history for a considerable number of years. To preside over so important a period in the life of the Assembly is a duty which involves unusual responsibility and confers unusual possibilities, Sir, I have no fear whatever that you will not discharge the duties of your great office greatly. In conclusion I can only wish that the success of your term of office may be as great as the circumstances under which you have been called to the Chair have been felicitous. (Applause.)

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, on behalf of the non-official European Members of this House, I desire to join in congratulating you upon your unanimous re-election to the seat which you at present occupy. As I heard, Sir, the names of your proposers and seconders read out, I had a personal feeling of regret that my name was not one of them. I do not know quite how it happened, but I should have liked to have found my name upon the list. Next, Sir, I should like to congratulate the Assembly upon having re-elected you. It is, as the Honourable the Home Member has just said, a precedent definitely established; we ourselves spoke strongly in

[Sir Walter Willson.]

favour of it when I had the opportunity of addressing a few valedictory remarks to you upon the conclusion of the last Session. Your re-election, Sir, is a proof, if proof were needed, that the remarks we then made came from our hearts and were thoroughly merited by your services in the Chair. We are much more than content, that you should preside over us for the next term of the Assembly. We again assure you of our continued support and may we add, Sir, that we value very highly the disposition you have shown to limit the length of speeches in the House and to prevent the encroachment by some garrulous Members upon the time of others.

You understand, Sir, the importance of the relationship between the President and the House and I may add, as the Honourable the Home Member has said, of the very high importance of your relationship with the Leader of the House. You have attained success in acting according to the traditions set with so much success by your very distinguished predecessor, Sir Frederick Whyte. You have given minorities their fair share in every way. No severe cleavage, such as must necessarily happen in this House from time to time, has ever been allowed to penetrate beyond the doors of the lobby; and I am happy to think, what I have always experienced since I first became a Member of this House, there prevails to-day as strongly as it ever did, the idea that whatever our feelings and opinions may be in the House, in the lobbies outside we remain the very best of friends. I have only to add, Sir, just a single hope in regard to the opportunity that is now before yourself and the whole of us in this House, that we may so conduct our debates and our procedure that when this Session ends, we may be able to look back upon our doings with pride and with pleasure for the goodwill of the future and for the development of this great institution, this Indian House of Commons, of which we all have the honour to be Members.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Permit me, Sir, to offer the warmest congratulations of the Congress Party in this House on your unanimous re-election to the Presidential Chair. Sir, it is our pride and privilege to have given from amongst our members the first elected President of the Assembly who has won during a very brief tenure of office the fullest confidence of the House and proved himself to be so thoroughly acceptable to one and all as to be re-elected unopposed. It is not for me to expatiate upon the duties and responsibilities of your high office. You have already proved that you possess all those qualities in a pre-eminent degree which have in the past distinguished the occupants of the Chair at Westminster referred to in such glowing terms by my friend the Honourable the Home Member. If there is a certain element of unreality in this House as compared to that at Westminster, you have shown, Sir, that it is through no fault of yours or ourselves. Along with my friend the Honourable the Home Member I do look forward to the day when such inequalities as do exist shall no longer exist. Your great abilities coupled with the strictest fairness and becoming dignity have elicited the admiration of all, and I do not feel called upon on this occasion to do more than to assure you of our continued support. There is a lurking suspicion in my mind that we shall not like all your rulings, but let me assure you, Sir, that whether we like them or not, we shall never be wanting in upholding the dignity of

the Chair and in assisting it to the best of our abilities in the discharge of its onerous duties.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, I join all those who have spoken before me in congratulating you on your elevation to the high office you occupy. You have occupied that office during the last Session with great dignity, courage and impartiality, and the addresses that were made at the end of the last Session in your honour at the time the Assembly was dissolved have been repeated to-day. I associate myself fully and unreservedly with all the remarks that have fallen from the other speakers who have spoken in your honour. We are conscious that you will maintain the dignity of your office with the same marked success which characterised your proceedings in the last Session of the Assembly, and we assure you of our support on behalf of myself personally and on behalf of the party which I have the honour to represent in this House.

***Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, I have great pleasure indeed in joining in the congratulations that have been offered to you and the great tribute that has been paid to you in such glowing terms by the Leader of the House and the other leaders of parties. Sir, when you stood as a candidate for the first time for election to this Chair there were certain people in this House who had apprehensions as to what you would exactly do when you occupied this exalted Chair; and if you remember, Sir, I said on that occasion: "You are elected by the majority of the votes of this House. You are now on your trial, and I hope that you will maintain the dignity and the traditions of the Chair." That, Sir, was in August, 1925. Since then I, as a Member of this House, have watched you as the presiding genius of this House and although I have, if I may say so, watched you very critically, and judged you very strictly, standing to-day on the floor of this House I feel that you deserve the unanimous re-election which has taken place in your case and which has again brought you back to this Chair. Sir, it is a signal mark of approval and appreciation of your conduct in the Chair during the last term that you occupied the position. A greater compliment cannot be paid to any Member of this House than that he should be asked unanimously to preside over its deliberations. Judging by the past and the way in which you have conducted the deliberations and the business of this House, I have no doubt now that you will maintain the dignity of this great office, that you will always be fearless and independent and treat every section of the House with absolute fairness, justice and impartiality.

Mr. President: Brother Members and Comrades of the Indian Legislative Assembly: The idea uppermost in my mind at this moment is to express my grateful acknowledgments and sincere thanks to you for the honour you have done me by electing me again to this Chair and to hasten to assure you of my complete devotion to your service. My joy is all the greater because I find to-day that not only have I been fortunate enough to retain the confidence of those who had voted me to this Chair in August, 1925, but also to win the confidence of those who had fought strenuously against my election then. My anxiety is and I shall make constant endeavour to prove worthy of that unique confidence which you in your wisdom have thought fit to repose in me. From the brief experience that I had as the occupant of this Chair I have found, as I stated

*Speech not corrected by the Honourable Member.

[Mr. President.]

when I was addressing you last, that anyone who aspires to fill this great office with any hope of success must lay aside all that is personal, all that is of party, all that savours of political predilection, and learn to subordinate everything to the great interests of the House as a whole. Not that it is possible for anyone to divest himself so completely of the influence of his political associations and the teachings of a lifetime. He may have his political opinions, he may retain them; he may have his prejudices; but in his general decisions and in his treatment of individual Members no trace of them should find a place. I do not know whether I have in the past lived up to that ideal, nor can I say whether it would be possible for me to live up to that ideal in the future. All I can promise is that I shall ever endeavour to the best of my capacity to regulate my conduct in the Chair on the lines which I have just indicated. You have known me and I have known you and it is not necessary, in fact it is needless, to appeal to you for co-operation which I know will be forthcoming from every Member of the House in ample measure. But one thing I will ask you and it is this—if on any occasion anything that I say or do in the discharge of my duties gives offence to any Member, I beg of him not to harbour any ill-feeling against me and allow misunderstanding to grow, but to come to me personally and talk the matter over and have done with it. I again thank you for the great honour, the greatest honour which it is within the power of this Assembly to confer under the present constitution, and I assure you of my complete devotion to your service. Before I sit down, may I ask you to do me the honour of shaking hands with me and will you, Sir Alexander Muddiman, lead the way.

(The Leader of the House and Honourable Members then shook hands with Mr. President.)

The Assembly then adjourned till Eleven of the Clock on Friday, the 21st January, 1927.

LEGISLATIVE ASSEMBLY.

Friday, 21st January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock Mr President (the Honourable Mr Vithalbhai Javerbhai Patel) was in the Chair

MEMBERS SWORN

Lala Triloki Nath, M L A (United Provinces Landholders),
Mr Madheo Srikari Aney, M L A (Berar Representative);
Risaldar Major and Honorary Captain Kabul Singh Bahadur, M L A.
(Punjab Nominated Non Official), and
Nawab Sir Sahibzada Abdul Qayyum K C I E, M L A (North-West
Frontier Province Nominated Non Official)

ASSENT OF THE GOVERNOR GENERAL TO BILLS

Mr. President: I have to inform you that the following Bills which were passed by both Chambers of the Indian Legislature have been assented to by His Excellency the Governor General under the provisions of sub-section (1) of section 68 of the Government of India Act

The Usurious Loans (Amendment) Act, 1926

The Workmen's Compensation (Amendment) Act, 1926

The Negotiable Instruments (Interest) Act, 1926

The Indian Evidence (Amendment) Act, 1926

The Administrator General's (Amendment) Act, 1926

The Indian Companies (Amendment) Act, 1926

The Sind Courts (Supplementary) Act, 1926

The Cantonments (Amendment) Act, 1926

The Code of Criminal Procedure (Third Amendment) Act, 1926

The Indian Succession (Amendment) Act, 1926

The Indian Bar Councils Act, 1926.

The Provincial Insolvency (Amendment) Act, 1926.

The Indian Succession (Amendment) Act, 1926..

MOTION FOR ADJOURNMENT.

Mr. President: I have received the following notice of "Motion" for Adjournment from Pandit Motilal Nehru:

"I hereby give notice that I shall move the adjournment of the House on Friday, the 21st January, 1927, on a definite matter of urgent public importance, namely:

The conduct of the Government in preventing Mr. Satyendra Chandra Mitra, an elected Member of this Assembly, from attending to his duties as a Member of this House and thereby seriously infringing the privileges of this House and depriving the constituency which elected him of its right to be represented in this House."

The motion *prima facie* appears to me to be in order. I do not know if Government or any other Member have any objection to the admission of this motion.

(No objection was raised.)

I rule that the motion is in order. I ask if the Assembly gives leave to Pandit Motilal Nehru to move the motion.

(No Honourable Member objected.)

As no Honourable Member objects, I intimate that the leave is granted. The motion will now be taken up for discussion at

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I should like to suggest that it will be convenient for me, and possibly for my Honourable friend, Pandit Motilal Nehru, if the motion is taken up immediately after the elections are over. We cannot fix the time, because we do not know when the elections will be over.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban) I quite agree with the suggestion made by the Honourable the Home Member.

Mr. President: It means that if the motion is taken up immediately after the completion of the business, say after fifteen or twenty minutes, the discussion can go on under the rules till 6 o'clock. Ordinarily, motions for adjournment are discussed for two hours from 4 to 6, but, as the Honourable the Home Member agrees to take the matter up immediately after the completion of the business, say at about half-past eleven, there is nothing in the rules which will prevent the House from discussing the motion till 6 o'clock. But I would ask Honourable Members to be considerate and not allow the discussion to go on for more than two hours. The Chair would accept a motion for closure at the end of two hours, if any Honourable Member chooses to make one. The motion will be taken up immediately after the completion of the business.

ELECTION OF THE STANDING FINANCE COMMITTEE.

Mr. President: I have to inform the Assembly that the number of candidates nominated for election to the Standing Finance Committee is equal to the number required and therefore I announce that the following Members are declared to be duly elected:

Haji Chaudhury Mohammad Ismail Khan.

Raja Ghazanfar Ali Khan,

Pandit Nilakantha Das,

Mr. Amar Nath "Dutt",
 Mr. Gaya Prasad Singh,
 Mr. Ram Narayan Singh,
 Mr. M. S. Sessa Ayyangar,
 Mr. Vidya Sagar Pandya,
 Mr. Ghanshyam Das Birla,
 Mr N C. Kelkar,
 Sir Parshotanidas Thakurdas,
 Mr Sarabhai Nemchand Haji,
 Sir Darcy Lindsay, and
 Mr. A Moore.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President: The Assembly will now proceed to elect 11 Members to serve on the Standing Finance Committee for Railways. There are 19 candidates whose names are printed on the ballot papers which will be supplied to Honourable Members in the order in which I call them.

(The balloting then took place)

(As the Members were taking the ballot papers and recording their votes)

Mr. President: Honourable Members who have not taken their oath are not entitled to take part in this election. If they have by any chance voted, their votes would be regarded as invalid. The Chair would like to know whether there are any Honourable Members who have not taken their oath and yet have taken part in this election.

(The names of Dr Moonje and Mr Yusuf Imam were mentioned to the Chair)

The Secretary will not take their voting papers

Dr. B. S. Moonje (Nagpur Division: Non-Muhammadan): I was here, Sir.

Mr. President: The Honourable Member has not taken his oath.

Dr. B. S. Moonje: I was present here. I did not hear my name called.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): He may be permitted to take his oath now. There is nothing in the law against it.

Mr. President: Dr. Moonje's name was called, but probably he did not hear.

Mr. A. Rangaswami Iyengar (Tanjore cum Trichinopoly: Non-Muhammadan Rural): May I know, Sir, if they can take their oath now?

Mr.* Abdul Haye (East Punjab: Muhammadan): On a point of order, Sir. You have ruled that those Honourable Members who have not yet taken their oath of allegiance are not entitled to take part in this election. You have said that you will ignore their votes. But how are you going to find out in whose favour they have voted and which are their voting papers?

Mr. President: The Honourable Member is quite right in raising the point. The Secretary has been asked to make certain inquiry and the Chair will soon deal with the matter.

Mian Mohammad Shah Nawaz (West Central Punjab: Muhammadan); May I point out, Sir, that the voting paper is still with Dr. Moonje?

Mr. President: It appears that Dr. Moonje's voting paper has not yet been put into the box but Mr. Yusuf Imam's paper has already been so put. If Mr. Yusuf Imam will kindly tell the Chair confidentially for whom he has voted, then that vote will be eliminated. Has Mr. Yusuf Imam any objection to tell the Chair in confidence for whom he has voted?

(Mr. Yusuf Imam signified his assent to this.)

Mr. President: That is all right. That settles the matter.

Mr. A. Rangaswami Iyengar: May I again inquire, Sir, if Mr. Yusuf Imam can now be permitted to take the oath and take part in the further proceedings?

Mr. President: There is no objection to Dr. Moonje and Mr. Yusuf Imam taking the oath now.

MEMBERS SWORN.

Dr. B. S. Moonje, M.L.A. (Nagpur Division: Non-Muhammadan), and
Mr. Yusuf Imam, M.L.A. (United Provinces, Southern Divisions:
Muhammadan Rural).

Dr. B. S. Moonje: Am I entitled to vote now, Sir?

Mr. President: No. The Honourable Member is not entitled to vote.

MOTION FOR ADJOURNMENT.

ATTENDANCE OF MR. SATYENDRA CHANDRA MITRA AT MEETINGS OF THE LEGISLATIVE ASSEMBLY.

Mr. President: Pandit Motilal Nehru. I desire to make it clear from the outset that I will not allow one minute more than the time allotted to each Member.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Sir, I beg to move the adjournment of the House on a definite matter of urgent public importance. You have already read the motion. It concerns one Mr. Satyendra Chandra Mitra, an elected Member of this House, who was elected unopposed and who is now under detention under the Bengal Criminal Law Amendment Act. The motion calls attention to the conduct of the Government in preventing Mr. Satyendra Chandra Mitra from attending to his duties as a Member of this House and thereby seriously infringing the privileges of this House and depriving the constituency which elected him of its right to be represented in this House. The larger question of the release of this prisoner or others of the same class is not before the House nor is there any question of the repeal or amendment of the law, the so-called law under which they are detained, before this House. The gravity of the situation to which the motion calls attention arises from the fact that the detention of

this gentleman constitutes a very serious encroachment on the privileges of this House and on the right not only of the Member himself but of the constituency which has unanimously elected him.

The facts are very simple and I should like to state them briefly for the information of the House. Mr. Satyendra Chandra Mitra was an elected Member of the Bengal Legislative Council when he was arrested under the Bengal Ordinance No. 1 of 1925 and Regulation III of 1818. Thereafter the Bengal Criminal Law Amendment Act was passed and he was detained under that Act. Now it will be observed that in arresting and detaining Mr. Satyendra Chandra Mitra the Executive were guilty of a double wrong—a wrong to the Member by infringement of his rights, and a wrong to the constituency which elected him. The latter wrong, I mean the one against the constituency, was attempted by His Excellency the Governor of Bengal to be redressed in a particular way. The method which was determined upon by His Excellency the Governor shows an ingenuity and originality which beats the record of the bureaucracy for their special genius for suppression and oppression. His Excellency acting under the rule which gives him power to direct that a seat has become vacant for the reason that a Member has not been able to attend to his duties for two consecutive months issued a notification that the seat of Mr. Satyendra Chandra Mitra had become vacant. Now, Sir, what is the simple meaning of it? Here is a man duly elected by his constituency, who was actually representing the constituency in the House. He was deliberately disabled by executive order from attending. Not that he is unable to attend for personal reasons, but was disabled by force from attending to his duties and the consequences of the inability thus brought about were visited upon him by the notification that his seat was vacated. You tie down a man hand and foot and then beat him for not being able to move; that is what it comes to, and that is what really happened. Thereafter this particular constituency went unrepresented in the Bengal Council for the rest of the life of that Council. The experiment had failed but was not repeated of trying another election. In course of time the general elections came round and Mr. Satyendra Chandra Mitra offered himself as a candidate for election to the Assembly. He was again returned unanimously, *i e.*, unopposed to the Assembly. He was gazetted as a duly and properly elected Member of the Assembly. He received a summons of His Excellency the Governor General to attend the Assembly. He received another summons of His Excellency the Governor General to attend and hear his inaugural address on the 24th instant, which is to come. Thereupon he applied to his custodians to give him an opportunity to accept the very generous invitation which was extended to him but was refused permission.

Now, Sir, we are meeting here to-day without this gentleman for no fault of his and for no fault of the Governor General either. His Excellency has duly invited him but there are others who prevent him from coming out. Upon those facts what is the position? It is quite clear to me but my Honourable friend the Home Member does not look upon it in such a simple way as I do and I can anticipate his presently rising in his seat and shaking his fist at me and telling me "How dare I say that this man, a dangerous anarchist, should be admitted into the honourable company of this House. He has been dealt with under the law of the land". This particular law is known more as a lawless law than anything else. But he will reply upon it and say that it is none the less the law of the land.

[Pandit Motilal Nehru.]

He will say "When a man has been dealt with under the law and detained by competent authority, what right has any one to interfere with it". Now, Sir, my answer to that is a very simple one. I say that this man has not been tried. He has not been convicted. He has not been sentenced by any court and therefore he has every right to attend to his duties, by answering the summons he has received, unless my friend the Honourable the Home Member is able to point out to me any authority, which I challenge him to do if he can, precluding him from attending to his duties. Sir, this is really imposing a disqualification upon a duly elected Member which does not exist under the law. Of course it was open to the powers that be to make it a disqualification for seeking election, but luckily up to this moment, it has not occurred to them to do so.

An Honourable Member: You remind them.

Pandit Motilal Nehru: Now, the Government have not had the courage to put this man on his trial. They have not taken upon themselves to make it a disqualification. The man is kept in custody no doubt, but is there anything in any law in the world that the mere fact of a man being forcibly detained in custody not by an order of the court, nor after a conviction, disentitles him from performing the duties of his office? Imagine for a moment such a case arising in England. What would have happened? I will read the law as crystallised in Halsbury's Laws of England, Volume 21, Article 1468:

"Whilst Parliament is sitting, and during the time within which the privilege of Parliament extends no peer or member of the House of Commons may be imprisoned or restrained without the order or sentence of the House of Lords or the Commons as the case may be, unless it be for treason or felony, or for refusing to give security for the peace."

Now, that may comprehensively be described by saying unless he is convicted of a criminal offence. I will make it as general as that. Now in the case of the House of Commons, it has been held that a member cannot be arrested for a period of 40 days before and after the meeting of Parliament. It has always been held that a member is immune from arrest for a period of 40 days even after the dissolution of Parliament of which he is a member. A member who is in custody at the time of his election to Parliament—that is the case in point—is liberated upon his election in virtue of his privilege unless he is undergoing a term of imprisonment, for an indictable offence or for a criminal contempt of court. That is the common law of England. And what is the procedure prescribed if a man so detained is not liberated after his election? That you will find in the same book in Article 1483. The procedure with which the two Houses enforce the due observance of their privileges and punish any breach of them is practically the same. When any alleged breach of privilege is reported to either House, it is the practice of the House whose privileges had been attacked to send for the offender to answer the charge of contempt. Now, Sir, if this case had happened in England, His Excellency the Governor of Bengal and all others who are concerned in detaining this man would to-day have found themselves in a very uncomfortable position at the bar of the House of Commons. But it may be said that India is not England and that this Assembly is not Parliament. We may for our own purposes choose to dignify it into a Parliament on certain occasions.

but it really is nothing of the kind and therefore there is no comparison. I quite agree. I do believe and I am perfectly certain that there is no analogy between the House of Commons and this House but so long as it is allowed to retain the merest pretence of what it is alleged to be I maintain that it is the inherent right of every member of a representative institution to be present at its meetings to represent his constituents. That right is, I submit, inseparable from the very nature of the institution. It has nothing to do either with any particular House or the privileges of that particular House. True it is that the privileges of the House of Commons have been built up by long convention but, unless we make an early beginning, I do not think we will ever be able to build them up. There are only two things upon which the privileges of the House of Commons are based. There is the convention established by immemorial custom and certain privileges have been sanctioned by Statute. Nothing known as privileges of the House does exist in this country. It is up to us to lay the foundation of a convention to-day because it is the inherent right of every such institution as ours is to have its own conventions.

Mr. President: I do not wish to interrupt the Honourable Member, but I would remind him of the time limit.

Pandit Motilal Nehru: I hope I have two or three minutes more. As the time at my disposal is running out, I shall not labour this point but I will say that in this present instance the Government itself and His Excellency the Governor General have fully recognised the right. If they did not, why were this summons and invitation sent? I will again remind the House that there is no question on the motion relating to the legality or otherwise of the Ordinance or of the arrest or of the detention or of release for all purposes. The present motion only relates to the disability which has been imposed upon a Member from attending the meetings of this House. Now, section 11 of the Act under which he is under detention is important and I wish to point out that that section also treats the case as that of a suspect, not of a criminal, not of one who has been found guilty of any offence. That being so, I submit that it is not a case of a criminal character at all—much less a conviction under the criminal law—which alone is excepted under the practice in England. What after all will happen if Mr. Mitra is allowed to attend? I cannot conceive that the enormous resources of the British Empire will prove inadequate to secure peaceful residence for this man in Delhi and his peaceful attendance in this Chamber while we are in Session.

Before I resume my seat I should like to remind the House of what happened only the other day. His Excellency in opening these buildings, called the buildings of the Parliament of India, was pleased to read a gracious Message from the King Emperor, and the concluding part of that Message ran as follows:

“I earnestly pray that in the Council House now to be opened wisdom and justice may find their dwelling place and that God's blessing may rest on all those who may henceforth serve India within its walls.”

I put it, Sir, to the Treasury Benches and to my European Colleagues in this House whether they will be helping to keep wisdom and justice in their dwelling place in this House if they vote down this motion and declare to the world their impotence to protect themselves and the honour

[Pandit Motilal Nehru.]

of this House when it is attacked in this way. I hope and trust, Sir, that we who are here to serve our constituents will not neglect our primary duty to them. The best judges and the only judges of their representatives are their electors. The electorate has given its verdict and I hope that this House will not trample under foot that verdict which is the very foundation of our own right to be here. With these words, Sir, I commend my motion to the House.

The Honourable Sir Alexander Muddiman (Home Member): Sir, it was with very great interest that I heard the speech of my Honourable friend and I must congratulate him on his limiting the motion in the manner he has done. It is far easier to discuss what I admit is a point of constitutional interest in the manner in which he has put it before the House. He recognizes, as I am sure all sensible people will recognize, that there will be ample opportunity—and indeed judging from the notice paper ample opportunity has already been taken—to secure a discussion of the more contentious question which might have been introduced here I think irrelevantly. I congratulate my Honourable friend on his not having introduced them now, and so far from shaking my fist in his face I shall meet him with the utmost mildness. I will endeavour to convince him because I know him to be eminently reasonable on a point of constitutional law, however difficult he may be on other matters. Well, Sir, my Honourable friend will pardon me if I read the motion again. I will omit the reflections on the conduct of Government and take them as read and I will deal with the operative part of the motion, which is:

“and thereby seriously infringing the privileges of this House and depriving the constituency which elected him of its right to be represented in this House.”

Now I think my Honourable friend has done a great service in bringing forward this motion for the adjournment because these are matters which it is desirable should be discussed, so that the position of the House in regard to an important point of this kind may be made clear. But let me remind him in the first instance that he who pleads privilege must prove the privilege. I think that is probably a sound legal dogma. Well, Sir, this matter has not altogether been unexamined. Fortunately I am provided by the learning of others with a very concise account of the position of this House in regard to privileges. A very powerful sub-committee examined this matter. It consisted of two *ex-Law Members* of the Government of India, Sir Muhammad Shafi and Sir Tej Bahadur Sapru, gentlemen I think whose fame as lawyers is recognized throughout India, Sir Henry Moncrieff Smith, an officer of considerable legal experience who is now President of the Council of State and has great constitutional experience, and Mr. Jinnah, now in this House about whose merits I refrain from speaking. Well, Sir, these gentlemen carefully examined the question of the privileges of this House and this is what they said. I will read the whole paragraph:

“It has not been suggested to us from any source that the legislatures in India should be provided with a complete code of powers, privileges and immunities as is the case with most of the legislatures in other parts of the Empire. The matter has been generally dealt with by the enactment of a provision in their Acts of Constitution enabling the legislatures to define their own powers, privileges and immunities, with the restriction that they should not exceed those for the time being enjoyed by the British House of Commons.”

I pause there to comment because that is a very important restriction to which I shall refer later.

"Eventually no doubt similar provision will be made in the constitution of British India. But we are of opinion that at present such action would be premature."

At the same time they go on to say that they feel that sufficient protection has not been given to the Members and they make certain recommendations. In connection with those recommendations I may remind this House that last year this House and the other Chamber unanimously passed an Act to confer certain exemptions on Members of legislative bodies. That is, they did go some way towards conferring privileges and therefore they recognized that those privileges did not exist. My statement of the case would be inadequate if I did not point out that under the Government of India Act certain privileges do arise, but they do not arise in connection with the subject matter of this discussion. I have therefore shown, and indeed it was hardly necessary for me to have taken up so much of the time of the House because my Honourable friend hardly argued it, that there is no existing privilege.

Then I pass on to the question of how far this matter if it had happened in the House of Commons would have been a breach of privilege. It is perfectly true, and my Honourable friend readily admitted it, that there is no strict analogy between this House and the House of Commons in respect of privilege. (Laughter.) I am glad to see that my Honourable friends opposite accept some of my remarks. But let me point out to them that it is a pity to base an argument on what is not really sound. Had this case occurred in the House of Commons there would have been no breach of privilege. The privileges of the House of Commons have been fairly well defined in the many years in which that body has been developing them. It was suggested that this not being a case of criminal conviction privilege would arise. Now, Sir, that is not so. The House of Commons do not interfere by way of privilege in cases where a man is detained otherwise than on a criminal charge, in many cases and it will be in the recollection of many of the older Members of this House that during a period of some excitement, about 1881, numerous Members of the House of Commons were detained very much in the same way as the gentleman in connection with whom this constitutional debate has arisen. I refer of course to Messrs. Dillon, Parnell and the others. They were held under the Protection of Persons and Property Act, 1881, and it was never suggested that this was a breach of privilege of the House. What that Act did do was to require that a report should be sent to the House of Parliament concerned if a member were detained under its provisions. I will read you the section

"If any member of either House of Parliament be arrested under this Act the fact shall be immediately communicated to the House of which he is a member, if Parliament be sitting at the time, or if Parliament be not sitting, then immediately after Parliament reassembles, in like manner as if he were arrested on a criminal charge."

Now if the House feels that they would like that provision to be in operation in regard to these particular arrests in this country, I am quite prepared to carry that out, and indeed I think it would be a reasonable and proper completion of our procedure. And I think if my Honourable friend's motion had no other result than that, he would have effected a valuable improvement.

[Sir Alexander Muddiman.]

Now, Sir, a good deal has been said on the point of depriving the constituency of its Member. Now that point would have impressed me rather more forcibly if the gentleman in question had not been under detention at the time he was elected. Had he been arrested and confined after his election, then I think the constituency might have felt rather sad about it; and I should consider myself—though I have no reason for knowing it as a fact because I have not examined the point—that the action of the Government of Bengal in declaring—I think it was the action of the Government of Bengal—the seat vacant was probably to give the constituents an opportunity of filling that seat if they so desired.

Mr. A. Bangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): They did not fill it.

The Honourable Sir Alexander Muddiman: They did not fill it. Then the constituency made that sacrifice in the interests of their political feelings, and my sympathies are not with them. In like manner, when this gentleman was elected to this House the constituency must have been aware of the fact that he was under detention.

Now, Sir, I have shown—at least I have tried to do so and I hope to carry the conviction of this House—(1) that there is no such privilege as is claimed existing in regard to this House, and (2) that if this House had the full privileges of the House of Commons, there would be no breach of privilege such as is suggested; and I ask the House to say that I have satisfactorily replied to the points raised by my Honourable friend.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammudan Rural): Sir, coming from Bengal, as I do, I leg to associate myself with my leader in this motion for adjournment. I shall not trouble this House with the constitutional aspect of the question which has been raised and which has not been answered by the Honourable Sir Alexander Muddiman, and could not be answered. But I shall place before this House one fact which is for all Honourable Members to consider, that it is one of us, Pandit Motilal Nehru and myself as well as Sir Alexander Muddiman who is being kept away, by a barbarous law (I use the word deliberately) from this House from attending to his business; and I think whatever may be our political faith, and to whatever political party we may belong, it is the duty of every Member not only of the Opposition but also of the Members of the Treasury Benches to support this motion for adjournment because we have been deprived of half of Bengal being represented, for Mr. Satendra Chandra Mitra represented two Divisions of Bengal; he was elected unopposed from two Divisions, namely, Rajshahi and Chittagong. The Chittagong Division happens to be the frontier of Bengal, the eastern frontier of Bengal as well as of India, and Rajshahi is hallowed with the sacred memories of great sons of Bengal as also great kings, last but not least of whom is Rani Bhobani, popularly known as Ardhā Bangeswari, Queen of half of Bengal. Now, Sir, when you deprive these two constituencies of their representative to attend to his duties in the Central Legislature, we cannot allow that to go unprotested as Members of this House, whatever may be the value of our protests here. I appeal not only to my friends who belong to my party as also to the Independents but I also appeal to the Honourable Members occupying the front Benches to support this motion because it is an infringement of my right and your

right too. With these few words, Sir, I beg to associate myself with the motion for adjournment of this House moved by my leader.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, as the motion has been confined to the constitutional aspect, I wish to confine my remarks also to that aspect. Every Member has a right of attendance, and it is his duty to attend. That is a right which is conferred by an Act of Parliament, and it is a duty which is imposed by an Act of Parliament. I do not think it is competent to the Bengal Legislative Council or to the Government of Bengal or to the Government of India to transgress an Act of Parliament. If there is a right in every Member of this Assembly to attend, and if there is a duty, that duty and that right could be interfered with only by an equivalent overriding Statute. There is no such overriding by the Legislature of Bengal. The local Legislature, the provincial Legislature, could not affect the Act of Parliament, the constitution Act, when it necessarily carries with it by implication a right to override any law which infringes the primary right which is given to every Member. Therefore, I do not consider that the Honourable the Home Member was relevant or sound in the remarks which he made, namely, that there is no question of privilege. It is higher than privilege, it is a statutory right which he has got. It is not necessary that it should be said in so many words, but when the Governor General has the right to summon him to attend this House, and when the right is conferred upon a member, that right can only be taken away by an Act of Parliament. As to whether there is a Statute, referred to by the Honourable the Home Member, which takes away that right, the only Act that is referred to is the recent Bengal Act. That cannot interfere with that right because it cannot override an Act of Parliament. The only other safeguard that is provided in favour of Government is in cases of offences and convictions for offences, but this is not that case. Therefore, it may be a lacuna, it may be a *casus omissus*, but there it is: so long as the Act of Parliament exists as it is, Government have no right whatever to prevent an Honourable Member of this House, unless they show that he has been detained in a manner which the Act of Parliament recognizes as depriving him of the right of attendance; I say they have no right whatever to prevent him from attending this House. I am not referring to the privileges of the House of Commons. It is hardly necessary, because I do not recognize that this is a House of Commons, but whether it is like the House of Commons or not, this technical or constitutional point is one which must be faced by the Honourable the Home Member; and I have not heard anything on that side on this aspect. Of course we all recognize also that when Parliament conferred upon certain constituencies the right of electing Members, the right was a real right, subject only to disqualifications which the Statute or rules made under the Statute impose upon those who are eligible for election. Now here there is absolutely no disqualification imposed upon him. On the other hand it was in the mind of Parliament to exclude certain classes of persons from being eligible for election,—such persons as were convicted of offences—but in this case there is no conviction and there is no offence. Therefore, you cannot say that this man is disqualified. There is not the slightest doubt, as Pandit Motilal Nehru has said, that this is really adding to the list of disqualifications, and I do not know whether it would not be technically a fraud upon the Act of Parliament to add to the table of disqualifications and make it impossible for a constituency to elect one who,

[Mr. S. Srinivasa Iyengar.]

according to the Statute, is eligible to be elected but who is prevented from being either elected or reaping the fruits of a successful election. The constituency has a right to be represented in this House: what right have the Government of India or of Bengal, what right have they, to prevent that constituency from representation in this House? That is the point of view which I wish to place before the House. If this is to be regarded as a legal matter, as a technical matter, as a constitutional matter, by all means let us so regard it. But it is not a laughing matter, it is not a matter to be treated as a humorous episode. It is a very serious matter and it really affects the fundamental rights of Members of this House; and I should expect that a unanimous vote against the Government on this question is the only answer which a self-respecting House can give.

*Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): I listened to the speech of the Honourable the Home Member who is always very happy in his expressions and who always draws a very great deal of admiration for himself from me, although he refrained from saying anything about me. Sir, I agree with him that it is a question of great constitutional interest, but he argued in a particular circle which, if I may say so, is a vicious circle. He says under the present laws in this country and under the present Constitution under which this House is constituted, there is no privilege in existence. I think he is right. Except of course some rights, there is no privilege in the sense in which it is enjoyed by a member of the House of Commons. We have got certain rights under the Statute; and the position of the sub-committee, to which the Honourable the Home Member was good enough to refer—and I had the honour to serve on that sub-committee—when they examined that question, was this. The sub-committee, which examined this question, had to consider the question having regard to the terms of reference of the Muddiman Committee, and the terms of reference of the Muddiman Committee were that they could not possibly recommend any remedy or any proposals which went outside the scope of the policy and the structure of the Government of India Act of 1919. But I agree with the Honourable the Home Member that there is no analogy between this House, as it is constituted, and the House of Commons. Now, that being so, that there is no analogy between this House and the House of Commons, that privilege does not exist. The Bengal Criminal Law Amendment Act exists, and therefore this gentleman who has been elected to this House is properly detained and therefore the Honourable the Home Member says what can the Government of India do. Sir, if this House was the House of Commons, if this House was the Parliament of India, my Honourable friend would not be sitting there, nor would he have succeeded in passing that Bengal Criminal Law Amendment Act by certification as he did. It is a vicious circle. Of course it comes to this, that law does not give you privilege; we pass the laws, we enact Statutes in this country. Who? Our friends the bureaucrats who sit on the Treasury Benches. We have the power to enact any law we like. When we passed the Bengal Criminal Law Amendment Act or the Bengal Ordinance Act, we passed it; that is the law of the land. You have no privilege in this House at all and Mr. Satyendra Chandra Mitra is detained under the Bengal Ordinance Act. What can the Government do? I say this, Sir, let us not side-track the

*Speech not corrected by the Honourable Member.

issue. This is not at all—if I may say so with the utmost respect to the Honourable the Home Member—this is not at all a question of great constitutional interest in that sense. If this House was a Parliament, if this House either had, as you find in the Dominions, the privileges and the rights of members defined by regular Statutes, or if, as you find in the British Parliament, the rights and the privileges of the members of the House are a growth and a development of the common law of England, if that was the position here, then we would have been able to deal with this question in this House. But it is not so. Let us therefore get to the realities; let us get to the truth. What is truth? Here is a man who stands imprisoned for more than two years. Here is a man who was arrested under a most obnoxious law which gives the Executive absolute power to imprison a man on suspicion without trial. The question really to my mind, if I may say so quite frankly in this House, is this: How long are you going to keep this law? How long are you going to prevent him from what he is entitled to do?

The Honourable Sir Alexander Muddiman: On a point of order, Sir, I understood that the question was excluded on the ground of anticipation.

Mr. M. A. Jinnah: I want to impress on this House not to be led away by mere argument of the Honourable the Home Member that the privilege does not exist that the law does exist, that the man is in prison and that therefore nothing can be done. You can do it under your system of Government which gives you the absolute autocratic powers which you possess and which you have taken in the name of Legislature. You can do it and I say do it, and if you do not do it, I shall support and vote for my friend Pandit Motilal Nehru.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadian): Sir, I rise to fully associate myself with the motion and the reasons given by the Honourable Pandit Motilal Nehru and my friend Mr. Srinivasa Iyengar. I do not agree with both sides of the House as to the arguments *re* the privileges of the House. It is said that this House has got no privilege except those that have been granted to it by Statute. I put the case just the other way. I think this House has all the privileges of the House of Commons except those that have been denied to it under the Statute. I would ask Government to consider the fact that there is a wide complaint, a well-justified complaint that this House is practically impotent for all purposes affecting the administration of the country. If this verdict goes down as a correct interpretation of the law that this House has no privileges except those that have been granted to it by the Statute or that may be granted by the Statute hereafter, its impotency will become still clearer and will remove the last hope that the country may possess in the powers and the efficacy of this House.

Reference has been made by the Honourable the Home Member to a Committee on which some eminent Indian lawyers sat. One of them has just explained what the position was and I think his interpretation and explanation ought to be taken as final so far as he is concerned. I may say—and I am committing no breach of confidence—that another of those distinguished members who sat on that Committee exactly takes the same view which Mr. Jinnah has taken. It is this. The rights and privileges of this House can be created in three ways, either by Statute, or immemorial custom or by convention. We hear of convention so often and so much in the report of the Joint Select Committee and in discussions

[Lala Lajpat Rai.]

about the constitutional rights of this House or the Legislatures of India that it would be simply cruel, and I think unwarranted, to deprive this House of the right of establishing a convention. It is certainly one of the most important privileges and one of the most valued rights of the Members to attend the Sessions of this House without let or hindrance by any one, about which the present attempt is being made to establish a convention. The motion before you, Sir, is not an ordinary motion. The Honourable the Mover has made it very clear that he is not raising the general question of the legality of the law under which this gentleman is being detained or even the propriety of that law, but he has raised the very important issue of the general rights and privileges of the Members who have been elected to this House under due process of law. There is nothing in that process which vests the Executive with the power to take away the right of attendance, the right of attending the meetings of this House of the Legislature. Members who are detained in custody not after conviction by a court of law but by the sweet will of the Executive cannot be deprived of that legal right. As regards the argument that the Statute has not given this House any privilege specifically relating to this matter, I submit that is no argument at all and should not prevent this House from establishing the convention. It is one of those inherent rights for which no authority is required. It is for the other side to quote an authority to the contrary. Sir, all the precedents that can be quoted from books of English law or from other books are precedents which refer to convictions, convictions for treason or felony, but there is not a single case, as Pandit Motilal challenged the other side to prove, there is not a single case in which by mere executive act of the Executive Government a Member elected to the Legislature can be prevented from attending its meetings. That I submit is an encroachment not only on the liberty of the subject but also on the rights of the Members of the highest Legislative Chamber in the country, of the highest Legislature that exists. I submit the right way to look at the proposition is that the Members of this House and this House only have got all the privileges of the House of Commons, except those that are denied to them under Statute. I think that is the right view; and I ask Honourable Members to take note of the attempt that is being made by the Executive to deprive the Honourable Members of this House of the privileges which belong to members of legislatures all over the world. I hope that the motion will be accepted, and on behalf of myself and other members of my Party I associate myself fully with this motion and intend to vote for it.

Pandit Hriday Nath Kunru (Agra Division: Non-Muhammadan Rural): Sir, the Honourable the Home Member, in congratulating you on your re-election yesterday, expressed his pleasure that a British precedent had been followed, and gave expression to the desire on his part that we would in future follow to an increasing extent the precedents set by the Mother of Parliaments. In view of this it seemed to me to be somewhat surprising that he should take a stand on his legal rights and say that he who pleads privilege must prove it. I should have thought that he would be the first to follow here voluntarily the precedent set by a country which is governed under a constitution responsive to the wishes of the people. It is true, Sir, that in this country we have no law governing the powers and privileges of the Legislative Assembly, but in

certain Imperial and international affairs the position of India has been recognised to be equal to that of other members of the Empire, even though she has not yet attained full self-government. This being the case, I submit that it would be both appropriate and graceful if, in a domestic matter of this kind, the same precedent were followed and Government would, instead of taking a stand on their strict legal rights, interpret the spirit of the constitution and the practice that has been followed in certain important matters during the last few years.

I am no lawyer, Sir, but there is another point which troubles me as a layman. Mr. Mitra was not disqualified from being a candidate and it seems rather difficult to an ordinary man to understand why a man who can be adopted as a candidate for election, should be debarred from appearing in this Legislature when he has been elected to it. If a man is convicted under the ordinary law of the land and the sentence is of a particular duration, I understand that he cannot offer himself as a candidate at all. In that case no question of sitting as a member in any Legislature arises; but where he is at liberty to be a candidate, it does seem to me to be an injustice that, after his election, he should be prevented from discharging his duties.

I do not wish, Sir, to trench upon the ground that will be covered later in connection with another Resolution, but I cannot help pointing out that Mr. Mitra has been detained under an Act passed in virtue of the power of certification vested in the Governor, and that his incarceration is indefinite. If he were imprisoned for a definite term there would be some limit to the period of his disqualification, but as he is now detained practically at the pleasure of the Crown, he is possibly almost permanently debarred from acting as a Member of the Indian Legislature. In consideration of these matters, Sir, it seems to me to be a mere technicality to say that there is no law under which we can claim privilege for a man like Mr. Mitra. The matter raised by the Honourable Member, the mover of the adjournment, seems to me to deal with a fundamental issue, namely, the liberty of the subject, and I therefore give my warm support to his motion.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the leader of my party described the injustice to an elected member of the Party as "a double wrong." Sir, it is certainly a double wrong: it is also I believe a triple wrong, a wrong to him, an elected Member, a wrong to the constituency which has the right to elect him, and a wrong to this Assembly in which he should have been represented. Sir, I was really delighted when the Honourable the Home Member denied the analogy of this House to the House of Commons.

The Honourable Sir Basil Blackett (Finance Member): In this respect.

Mr. C. S. Ranga Iyer: Sir, I believe he will make a point of instructing the Publicity Officer never more to produce that book known as "India's Parliament." They would be rather more honest if they named it "India's Mock Parliament." That mockery has been proclaimed to-day by the Honourable the Home Member. In the light of what we see to-day, yesterday he was only mocking the House when he said we must follow the House of Commons' precedents.

[Mr. C. S. Runga Iyer.]

Sir, the Honourable the Home Member says it is "a constitutional debate." Where is the constitution and what is a constitution? A constitution is no constitution which has not behind it the sanction of the people. Here is a constitution which has been imposed on us against our wish; here is a constitution which is denied by us; and even under this constitution which you have imposed on us you deny us the privileges which the constitution is supposed to give, the privilege of being elected, the privilege of representation. There is no constitution in this country and even the mockery of a constitution is being mocked. Sir, it is not a constitutional debate, it is a debate which denies the constitution. And the Honourable Member says it is irrelevant, it is improper to go beyond the constitutional purview!

Sir, I think I have no necessity to answer the constitutional arguments raised by the Honourable the Home Member. It was only a magnificent attempt to mislead this House; it was a very clever attempt but there is no constitutional point involved here at all. The question is one of brute force. The same brute force which put Sriyut Satyendra Chandra Mitra in jail without trial is being displayed again. It is brute force pure and simple—lawless despotism, legalised autocracy. Sir, I think the Government which is responsible for this, I think the system which permits this, should be censured and proclaimed to the world as the biggest fraud known to history.

Mr. Anwar-ul-Azm (Chittagong Division: Muhammadan Rural): Sir, I am indeed grateful to you that at last I have drawn your attention. I am not a parliamentary debater or speaker of any kind, but being new to this Assembly and also knowing as I do a little of this subject with regard to the detention of Mr. Satyendra Chandra Mitra, a gentleman who comes from my constituency, I think I owe it to myself as well as to my constituency that I should say something on this subject.

Those of us, Sir, who come here from the Eastern provinces of India, and especially my friends from Bengal who are here to-day, will bear me out when I say that His Excellency Lord Lytton, Governor of Bengal, only last Saturday called a conference of the representatives of this Assembly and also of the Members of the Council of State in order to have a consultation with regard to this very vexed matter. In the course of the talk with Lord Lytton, though I am uncertain about the name, our friend Mr. Goswami asked the Governor with regard to this particular gentleman; and, Sir, Lord Lytton told him very frankly—I am certain I am not giving out any secrets—that Mr. Satyendra Chandra Mitra and for the matter of that anybody who has been detained under that special law can have their freedom in a couple of minutes or at once on condition that Mr. Satyendra Chandra Mitra and gentlemen of his kind will only come to Lord Lytton and tell him "I as an honourable gentleman pledge myself that I will have nothing whatsoever to do with the revolutionary movements and that I am giving an undertaking I shall not do anything which I am suspected of having done".

Now, Sir, I have a very great respect for Pandit Motilal Nehru, the leader of the Swarajists, as a gentleman. I do not know whether this is a political stunt introduced here to puzzle the Members of the Assembly at this very critical juncture of Indian history. Sir, Pandit Motilal Nehru

Sahib does not bring up any Bill or any amending measure to do away with these pieces of legislation which are called "barbarous," "lawless," and by such other terms. If the leader of the Swaraj Party was really anxious about the freedom of Mr. Satyendra Chandra Mitra, then, Sir, he should have devised, as a sound constitutional lawyer, some programme which might have helped in that way. Of course this being only a "feeler", I do not know what useful purpose will be served by having a threadbare discussion here in this Assembly at this time. Secondly, Sir, if, as my friends here admit and as they know, there is no statutory law which gives any privilege or freedom to a gentleman of Mr. Mitra's kind, my firm conviction is that this has been introduced here only for party reasons. On the other hand, might I not ask the leader of the Swaraj Party what harm there would be if Mr. Satyendra Chandra Mitra gave an undertaking as an honourable gentleman? That would be sufficient to bring him here and there would be no further trouble.

Mr. A. Rangaswami Iyengar: Undertaking for what?

An Honourable Member: Has any charge been framed against him?

Mr. Anwar-ul-Azim: Of course I do not hold any brief for the Honourable the Home Member. You find, Sir, that some of my friends here have claimed privileges like those enjoyed by a Member of the House of Commons. There are some who are in doubt with regard to whether Mr. Satyendra Chandra Mitra's case forms a proper parallel with that of Parnell and others. Even in that case I am certain that neither the constitution nor the law as it stands now can bring our friend here. With these few words I beg to oppose the adjournment.

Mr. T. C. Goswami (Calcutta Suburbs: Non-Muhammadian Urban): Mr. President, we have all read in our schoolbooks that silence is golden. Well, Sir, there are certain conventions precluding me from saying anything more in reference to the speech of the Honourable Member who has just sat down,—I mean, the conventions regarding maiden speeches. But he at any rate broke what, without any disrespect, I was feeling was a conspiracy of silence on the other side of the House.

I do not wish, Sir, to claim the attention of the House for more than a few minutes, because to my mind the legal position is by no means as subtle as some great lawyers in this House have made it out to be. Either you recognise that there are inherent rights—fundamental inherent rights,—or you declare that the only sources of rights—that is to say, the only sources of law—are the bomb and the machine-gun. I am sorry to make an abrupt statement like that, but I hope in a House consisting of eminent jurists and others learned in philosophy, I need make no apology for that

Mr. K. Ahmed (Rajshahi Division: Muhammadian Rural): Dr. Gour has already left.

Mr. T. C. Goswami: For I feel I did not depart from familiar lines of thought in jurisprudence when I made that statement. The Honourable the Home Member referred to an Irish precedent. He might as well have referred to some Russian precedent drawn out of the shades of Czarist Russia. That would be as relevant to the subject we are discussing, namely, the inherent rights of this Assembly as a legislative body, as any analogy or precedent he could draw from the deplorable history of England's relations with Ireland. It is said that under the criminal law of the land—

[Mr. T. C. Goswami.]

I do not know whose law it is; it is not my law; it is not the law of the people, for the law of the people has been in abeyance in India for the last 150 years;—it is said that under the criminal law of the land Mr. Satyendra Chandra Mitra has been detained and that he cannot be brought here; but we have a further illumination on the subject from the Honourable Member who preceded me, namely, the fact that Lord Lytton is of opinion just now that if only Mr. Mitra, along with his other friends in jail, came up to him and told him that he was not going to indulge in violent crimes in future he is able to release him and others. The position is this,—that Mr. Mitra has not been convicted under any law, neither the law of the British Government or the law of the people. In the name of law and order, in defence of law and order, more than a hundred respected citizens of Bengal were taken away from their homes in 1924. Nemesis overtook this imprudent assertion of monopoly over law and order. Government had declared through their highest officials that they had always the power to preserve law and order. But what did we find in Calcutta last year? For several months—not days, but for months—the second city in the British Empire was given up to the hooligans, and there was no law and order; there was no security of life and property in Calcutta, the premier City of India.

Now, the position seems to have slightly changed. Lord Lytton is now prepared to release these people on an undertaking. When he told me this, I naturally retorted, "If you ask me now to give an undertaking that I shall not steal, am I going to give you that undertaking? But does it follow that if I refuse to give that undertaking, it is because I intend, when I leave your room, to carry away some of your things?" Why should they give an undertaking? They have not been convicted of any offence; no charge has been framed against them. So that if under the law of the land,—law for which we are not responsible,—it is a crime to be suspected of a crime,—for that is what the provisions of the Ordinance amount to,—these detenus may be criminals, but they are not convicted criminals. And then I fail to see any reason from the point of view of law and order for that is the only excuse for that law—why Mr. Mitra could not be produced here under police surveillance. If it is contended that his liberty is dangerous to the liberties of other people, he could have been brought here under a police escort.

Sir, as I have said before, I do not think the legal position is as complicated as some friends have sought to make it out to be. And, you, Sir, as our Speaker, have grave responsibilities in this matter. You are the guardian of the privileges of this House. Sir, privileges in no Parliament were entirely conferred by statute law. Privileges were first created by convention. That was so in the British House of Commons; that has been so in other places. You are the guardian of privileges which have to be created as well as of privileges which already exist under the law.

Mr. K. Ahmed: Inside the House only and not outside.

Mr. T. C. Goswami: And yesterday, as also on a previous occasion when you were elevated for the first time to the Presidential Chair, you were reminded of the great traditions of the House of Commons. There the privileges were not conferred on the House of Commons by Statute. The House of Commons began to assert its privilege whenever there was an

infringement of privilege,—whenever there was, in other words, an infringement of what the House regarded as its privileges. We have now a case in which we feel that the inherent rights of this Legislative Assembly have been violated, and it is our opportunity, as it is our duty, to, if necessary, create a privilege; and it is for you, Sir, to guard it. In the struggle of the House of Commons with the Crown in bygone days, when the Crown was the Executive in England, the Speaker did play a very significant part. The King, that is to say, the Executive, did not recognise the privileges of the House of Commons then, but they were asserted and they have since been maintained; and some of them have been incorporated in statute law. Even with regard to convicted criminals in England, a convicted criminal, if he is a Member of Parliament, has the right to go to Parliament and be heard by his fellow Members. I will remind you of a very recent case, that of Mr. Horatio Bottomley, who was convicted of a very serious offence and sentenced to imprisonment for, I believe, six years. In that case the House of Commons by a Resolution decreed that he could, if he chose to, come before the House of Commons. After all, if Government followed that analogy, you would have had Mr. Mitra here and you would have heard from his own mouth that no charge was even framed against him though he is detained indefinitely not, as Mr. Kunzru said, at the pleasure of the Crown, but at the pleasure of people whose *bona fides* in the matter we have serious reasons to doubt.

Sir, this is an occasion I would submit to you, when you can convert this similitude of a Parliament into something like a real Parliament. If necessary, your active intervention in preserving what we claim to be our privilege may be required in the near future, and, if you succeed in asserting the privileges of this House, you, Sir, will be the architect of a freedom for which history will be grateful to you.

I say this again, in conclusion, that there is not the slightest excuse for preventing Mr. Satyendra Chandra Mitra from attending the deliberations of this Legislative Assembly. He is not an outlaw. The country claims his services. It was once said in 1924 that the people detained under that infamous Ordinance were outlaws. Sir, it is a fiendish thing to declare a man an outlaw before he has been tried and convicted, before his accusers are able to produce him before a competent court of law, before they are able even to question him on the charges brought against him.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muham.) (Madan Rural): Sir, there are two points involved in this motion for adjournment. One deals with the right of a Member who has been elected a Member of this Assembly to attend this Assembly and to exercise his right; the other is the question of the privileges of this House. I wish to address myself to the first point first. The Government of India Act provides by section 64 that:

“Subject to the provisions of this Act (namely, the Government of India Act), provision may be made by Rules under this Act as to—

(c) the qualification of electors;

(d) the qualifications for being or for being nominated or elected as Members of the Council of State or the Legislative Assembly.”

Under the provisions of this Act, rules have been made laying down the qualifications of Members to be elected and the general disqualifications for

[Pandit Madan Mohan Malaviya.]

such membership. These are to be found in Part II of the Electoral Rules published by the Government of India. Rule 5 states the general qualifications for being elected." It says that :

"A person shall not be eligible for election as a member of the Legislative Assembly if such person—

is not a British subject; or

is a female; or

is a member of the Legislative Assembly and has made the oath or affirmation as such member; or

having been a legal practitioner has been dismissed or is under suspension from practising as such by order of any competent court; or

has been adjudged by a competent court to be of unsound mind; or

is under 25 years of age; or

is an undischarged insolvent; or

being a discharged insolvent has not obtained from the court a certificate that his insolvency was caused by misfortune without any misconduct on his part."

I fail to read in these rules and these disqualifications the disqualification of having been interned under an Ordinance such as the one under which Mr. Satyendra Chandra Mitra has been prevented from taking his seat here.

The next point to which I invite attention is that section of the Government of India Act which lays down that where no special provision is made as to the authority by whom any rules are to be made, the rules are to be made by the Governor General in Council, and which also lays down that such rules shall not be affected by any legislation undertaken by any local Legislature. (*Mr. L. Graham* : "Section 129A.") Thank you. Section 129A says :

"Where any matter is required to be prescribed or regulated by rules under this Act, and no special provision is made as to the authority by whom the rules are to be made, the rules shall be made by the Governor General in Council with the sanction of the Secretary of State in Council and shall not be subject to repeal or alteration by the Indian Legislature or by any local Legislature."

Now, I submit that the matter is quite clear. The Governor General in Council, acting with the sanction of the Secretary of State, has laid down the disqualifications by reason of which a person who has been elected a Member of this Assembly shall not be entitled to sit here, and Parliament took care to say that these rules shall not be subject to repeal or alteration by the Indian Legislature or by any local Legislature. If, therefore, the Government of India thought when they passed the Ordinance by certification that a disqualification of having been interned under the Ordinance should be added to the disqualifications by reason of which a Member who has been elected cannot sit in this Assembly, they should have taken the trouble to get the rules amended formally and properly. They have not done that. Therefore, the position is that under the Statute Mr. Satyendra Chandra Mitra is entitled to be elected. He has been elected a Member of this Assembly. There is no disqualification laid down in the law by which the Government have the power to shut this man out, and the Government of India acted wisely and constitutionally when they advised His Excellency the Governor General to extend an invitation to Mr. Satyendra Chandra Mitra to attend as a

Member of this Assembly. The Government of India are unfortunately not well-advised in not accepting this motion to-day. They have lapsed from the position that they took up, but I think there is still time for the Honourable Member to reconsider this matter. I submit then that so far as the right of the Member in question is concerned there is no power on earth, except the English Parliament or the Government of India acting with the Secretary of State under the authority of that Parliament, which can shut out Mr. Mitra from attending as a Member of this Assembly and taking part in the debates here. So far, therefore, as the question of his right is concerned, I submit that it stands absolutely unassailable. Nothing that has been said here affects that question, nothing I submit that can be said here can affect that question.

I come now, to the question of the privileges of this House. It is hardly necessary for me to argue that point, in view of what I have already submitted to this House. But my Honourable friend, Pandit Motilal Nehru, thought it fit, and I think not unwisely, to include in his motion the second aspect of the case also for the consideration of this House, namely, that the Government of Bengal and, therefore, by implication the Government of India who are their masters, have prevented Mr. Mitra from attending to his duties as an elected Member of this House and have thereby seriously infringed the privileges of this House. My Honourable friend the Home Member said that there were no privileges of this House. He also pronounced the dictum that he who pleads privilege must prove it.

The Honourable Sir Alexander Muddiman: I did not say that there were no privileges. What I said was that there were certain privileges conferred either by the Government of India Act or a competent legislative authority in India.

Pandit Madan Mohan Malaviya: Thank you. The Honourable Member said, "You must prove a privilege if you plead it." I prove the privilege by showing that this Assembly has been constituted by the English Parliament. The English Parliament has laid down certain rules for the conduct of this Assembly. Under those rules we meet. Under those rules and by the very constitution of this Assembly there is one thing which is absolutely clear and undeniable, and that is that this Assembly is the supreme legislative assembly of this country, that it is this Assembly which enacts laws and that those laws are binding upon every servant of the Crown in India. I submit that the privilege which the Members of the House of Commons enjoy is based upon the identical consideration that Parliament being the supreme legislative assembly in the United Kingdom any laws made by it must be binding upon every servant of the Crown, and that any member who has the privilege of being a member of that assembly and thereby contributing his share to the making of laws must be assumed by virtue of that fact alone to be beyond the reach of any arrest 40 days before the meeting of the assembly, and while the assembly is sitting, and 40 days thereafter. I submit that that is one privilege which every Legislative Assembly in every civilised country must enjoy and I am certain that my Honourable friends who sit opposite me will agree that this constitution of a supreme Legislative Assembly, having been given to India, it is implied, undeniably implied, that the Members of this House shall be exempt from the fear of arrest or apprehension just as Members of the English Parliament are free from that apprehension. It is an elementary right of members of the supreme legislature of every country.

[Pandit Madan Mohan Malaviya.]

My Honourable friend the Home Member must show that by certain definite rules clearly expressed we have been deprived of this privilege. If he cannot show that, I think it would be only graceful and constitutionally the correct position for him to take up to admit that privilege, to uphold it and give the world an opportunity to think that, while we lack certain powers which Parliament possesses, Parliament by giving us the powers it has conferred upon us has certainly placed us in the position that so far as the membership of the Assembly is concerned, we shall be treated as gentlemen at least while this Assembly is sitting and enabled to attend it. It is surprising that having laid down the qualifications of a member for election, having allowed and helped that member to be elected, having gazetted his appointment having issued an invitation to him to attend this Assembly, having asked him to be present here to hear the address of His Excellency the Viceroy, we find the Home Member getting up and saying practically, "true, we have done all that, but we have blundered". We say "having done all that you have done do not blunder now by shutting out this man from attending this House". It is unfortunate that the idea of enabling the gentleman concerned to attend this House did not occur earlier to the members of the Government. It is unfortunate that the mistake was not rectified earlier, and that it became necessary for my friend Pandit Motilal Nehru to bring a motion for adjournment of this kind. But the position is very simple. My friend the Honourable the Home Member says that we have to prove the privilege we plead. I submit I have shown that the privilege is implied in the fact of this Assembly being constituted as it is, and I would ask the Honourable the Home Member to consider the situation a little further. It has been pointed out that the member concerned is not undergoing a sentence, he has not been tried and convicted. We take our stand on this. If the gentleman were convicted and sentenced, the position would be different. The rules do not lay down such a disqualification, and by an Ordinance passed by certification you cannot deprive a man of the right which has been conferred upon him by Statute. Can there be any greater insult to this House than what is involved in the adoption of this policy? This House has not passed the law under which this gentleman has been interned, and the English Parliament has taken care to see that unless a man has been convicted he shall not be shut out from taking part as a member of the Supreme Legislative Assembly of the country. My Honourable friend the Home Member referred to the case of Ireland, to those unfortunate days of 1881 when Ireland was seething with discontent and witnessed many unhappy events. Why cannot he cast his eyes forward to the Ireland of to-day? I am sure there is not an Englishman who would feel happy that in 1881, a measure like that to which the Home Member referred was adopted. You have again and again told us that we have entered upon a new era, that there should be an era of goodwill and co-operation between the non-officials and officials, between Europeans and Indians. Is it not your duty as well as ours that we should adopt a course of conduct which will commend itself to the judgment of all Indians as well as Europeans? I ask every Member of this House to say whether the course adopted by Government commends itself to him. I make no exception. I ask every Member of this House to say whether the man whose privileges we are discussing, who has not been tried, convicted and sentenced, should be shut out from taking part in the proceedings of this House merely because he has been detained

under an Ordinance. We have repeatedly asked the Government to put these detenus on trial. The Government have not accepted that fair challenge.

The Honourable Sir Alexander Muddiman: I did not understand that there was going to be an anticipation of debate on this question. I have made the only speech that it is possible for me to make and it is not fair to the Leader of the House that there should be this anticipation. I did not deal with any of these points.

Mr. President: The Honourable Pandit will have ample opportunity to discuss the general question later during this session, when the motions in that connection are reached.

Pandit Madan Mohan Malaviya: I am perfectly within my rights in basing my arguments upon the facts connected with the Ordinance and the detention of the gentleman to whom the motion relates. I am perfectly entitled to point out the circumstances under which Government have sought to frustrate the enjoyment of a right by a Member of this House who is detained under an Ordinance which has not been passed by this House. I will not dilate further on that point. I do not wish to take up the time of the House further. I submit that in the first place because it is the right of Mr. Satyendra Chandra Mitra to attend this House as a Member and to take part in its deliberations, he should be allowed to attend. The Bengal Government should receive an order from the Government of India to let this gentleman be set free so that he may attend meetings of this House. I have referred to the Ordinance. I wish the House to note the period of detention which the gentleman concerned has undergone, and to note further that if this gentleman had been convicted and sentenced, probably the sentence would have expired and he would have been in a different position to what he is in now. His internment under the Ordinance for an indefinite period is a very serious wrong to him, and no justification has been offered for it to this House. For these reasons, both on the ground of the right of Mr. Satyendra Chandra Mitra to attend as a Member of this House and because also such a privilege as is claimed should be established in this House by convention, I appeal to the Honourable the Home Member and the whole House to accept this motion. The privileges of the House of Commons have not been created by a constitutional act, either of the Parliament or of the King. Many of them have grown up, as many conventions have grown up; and I say let this be recognised as a privilege of this House that a man who has been elected a Member of this House shall not be prevented from taking part in the discussions of this House by any order or Ordinance passed by executive authority. I commend this motion most strongly to the Members of this House.

Mr. President: I do not know if at this stage we should adjourn. Several Mussalman Members wish to get away for their prayers and if we continue the discussion much longer, they will not be here to record their votes.

(Several Honourable Members moved that the question be put.)

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. President: Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: Sir, I do not think I have any right of reply on this.

Pandit Motilal Nehru: Sir, I think my friend the Honourable the Home Member has been sufficiently answered by the speeches which followed his. I have only to point out one thing more. We have been reminded of the nature of these detentions and arrests. Now what is it? As I said in my opening remarks, you cannot put it any higher than this, that these good people are suspected by the bureaucracy of being very dangerous people. Well, what are you afraid of? They are suspected of being anarchists. Now I ask you and I ask the Honourable the Home Member to consider for a moment what is it that I am asking on behalf of Mr. Satyendra Chandra Mitra. What I am asking on his behalf is the opportunity for him to come here to take the oath of allegiance to His Majesty the King Emperor. That is what he is asking for and that is what permission is not given to him to do. The man who comes to this Assembly must perforce take the oath. Does that go for nothing, and are we to attach a larger meaning to a verbal assurance to Lord Lytton that the man will not engage in political crime? Sir, if I may say so, it means nothing but pure vanity. Because His Excellency Lord Lytton's vanity would not permit him to allow the man to come here and His Excellency would not rest content until he has come down on his knees before him he must not be allowed to take the oath of allegiance. This is an additional reason which I lay before the House, and I submit for its consideration that it is almost conclusive. But that again is going into the merits of the question. I say that apart from the merits, whatever the man may be, you may take such precautions, you may make such arrangements as you like, but surely he can be allowed to exercise his right under proper safeguards. Whatever you may think of the man—he may be a very dangerous man indeed—as I have said, surely the resources of the British Empire are not so inadequate as not to be sufficient to cope with any situation. What does it mean, what do I ask for him? Only liberty to come and reside in Delhi while the House is in Session to attend the meetings of this House to represent his constituents. Indeed I am fully entitled to ask that he be released for all purposes, but I have limited my motion and, as my Honourable friend Pandit Madan Mohan Malaviya has pointed out, it is confined to asking for the freedom of movement for a number of days—whether it is 40 or 80 days I cannot take it upon myself to fix—before the commencement of a Session and a similar number of days after the close of the Session in order to enable him fully to discharge his duties. With these few words, Sir, I commend my motion to the House, and I hope it will be unanimously adopted, at least by the non-official section of the House.

Mr. President: The Honourable the Home Member said that he had no right of reply. I find from the rules that he has the last word. Does he wish to speak?

The Honourable Sir Alexander Muddiman: Sir, I do not propose to take up the time of the House for more than a minute or two on this matter

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): May I ask whether the Honourable the Home Member

** (Honourable Members: "Order, order".)*

Mr. President: Is it a point of order that you are raising, Mr. Prakasam?

Mr. T. Prakasam: No, Sir, it is not a point of order, but

Mr. President: Then you have no right unless the Honourable the Home Member gives way. Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: Sir, I did not give way to the Honourable gentleman purposely because I do not think that it is reasonable when one is making a reply—especially as I told the House that I did not propose to detain the House for more than a minute or two—for him to interrupt me. I can assure him that in the course of an ordinary speech I should have had much pleasure in giving way, but on the occasion of the last reply I do not think that it is a reasonable thing to ask me to do that.

This case has been argued from almost every point of view possible. A case was sought to be made out first on the technical ground of privilege. Then a good deal was said on the merits. I said from the beginning that I proposed to deal with this point from the constitutional point of view, where it was very properly placed by the Honourable Mover, and I do not propose to depart from that one jot. I have not been shaken by one argument which has been put forward on the point of constitutional law. No one has suggested that there are any privileges which cover this case, and no one has repudiated my argument that had this case occurred in relation to the House of Commons, there would have been no breach of privilege whatever. It is in vain that it is sought to draw a red herring over the trail by saying, "Why cite Irish legislation?" I was not citing Irish legislation, I was citing the conduct of the House of Commons in England.

Mr. T. C. Goswami: I said Irish precedents

The Honourable Sir Alexander Muddiman: It is not an Irish precedent, it is a precedent of the House of Commons—it arose in connection with an Irish matter. I hardly think that my friend himself would contend that it is an Irish precedent. That is the position I have endeavoured to put before you. I must thank the House generally for the way in which they have debated this question and for putting forward the right position. I do see that in the constitutional procedure there is a lacuna. I made an offer to the House that we should follow the House of Commons procedure and that we should see that the President gets a report of any Member who had been detained in this way.

Mr. A. Rangaswami Iyengar: Will he be given the opportunity to judge whether the detention was proper or not?

The Honourable Sir Alexander Muddiman: Certainly not. I propose to follow the English Parliamentary precedent.

Mr. A. Rangaswami Iyengar: There are also precedents of that kind, Sir.

The Honourable Sir Alexander Muddiman: My Honourable friend will pardon me. I am trying to make an offer; he is trying to make a rival offer. Therefore, Sir, I stand by what I said. It has not been argued for one thing, that there is any such privilege attaching to Members of this House and further I have satisfactorily established—I hope to the satisfaction of the majority of this House—that there is no such privilege attaching in the House of Commons.

Mr. President: The question is:

"That this Assembly do now adjourn."

The Assembly divided:

AYES—64.

Abdoola Haroon, Haji.
 Abdul Haya, Mr.
 Abdul Lauf Sahab Farookhi, Mr.
 Abdul Matin Chaudhury, Maulvi.
 Abdullah Haji Kasim, Khan Bahadur
 Haji.

Acharya, Mr. M. K.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sessa.
 Badi-uz-Zaman, Maulvi.
 Belvi, Mr. D. V.
 Bhuto, Mr. W. W. Illahibakhsh.
 Birla, Mr. Ghanshyam Das.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. Nirma, Chunder.
 Das, Mr. B.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Sriah Chandra.
 Ghazanfar Ali Khan, Raja.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.

Goswami, Mr. T. C.
 Gulab Singh, Sangar.
 Haji, Mr. Sarabhai Nemchand.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jannadas, Seth.
 Jayakar, Mr. M. R.
 Sinnah, Mr. M. A.
 Jogiah, Mr. Varahagiri Venkata.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hriday Nath.

Lahiri Chaudhury, Mr. Dharendra
 Kanta.
 Lajpat Rai, Lala.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jannadas M.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Murtuza Sahab Bahadur, Maulvi
 Sayyid.
 Nayudu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. O.
 Pandya, Mr. Vidya Sagar.
 Prakasam, Mr. T.
 Purshotamdas Thakurdas, Sir.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rajan Bakhsh Shah, Khan Bahadur
 Makhdum Syed.
 Rananajaya Singh, Kumar.
 Rang Behari Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Rao, Mr. G. Sarvatham.
 Roy, Mr. Bhabendra Chandra.
 Shah Nawaz, Mian Mohammad.
 Shervani, Mr. T. A. K.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Ambika Prasad.
 Sinha, Mr. Siddheswar.
 Suhrawardy, Dr. A.
 Thakar Das, Pandit.
 Tirloki Nath, Lala.
 Yusuf Imam, Mr.

NOES—46.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qayyum, Nawab Sir Sahabzada.
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayyangar, Mr. V. K. A. Aravamudha.
 Bhore, The Honourable Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Clow, Mr. A. G.
 Coatman, Mr. J.
 Crawford, Colonel J. D.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 E'jaz Rasul Khan, Raja Muhammad.
 Evans, Mr. F. B.
 Gavin-Jones, Mr. T.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Hezlett, Mr. J.
 Howell, Mr. E. B.
 * Innes, The Honourable Sir Charles.
 Jowahir Singh, Sardar Bahadur
 Sardar.

Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Lamb, Mr. W. S.
 Littlehales, Mr. R.
 Macphail, The Rev. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Moore, Mr. W. A.
 Muddiman, The Honourable Sir
 Alexander.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Natiq, Maulvi A. H.
 Parsons, Mr. A. A. L.
 Rajah, Rao Bahadur M. C.
 Roy, Mr. K. O.
 Roy, Sir Ganen.
 Ruthnaswamy, Mr. M.
 Sassoon, Sir Victor.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Willson, Sir Walter.
 Young, Mr. G. M.

The motion was adopted.

SEATING ARRANGEMENTS FOR MEMBERS.

Mr. President: I have to remind Honourable Members that His Excellency the Viceroy is going to address this Assembly on the morning of the 24th instant at 11 o'clock. The House is aware that Members are to sit in such order as the President fixes. I have not yet fixed the order in which the Member should sit. So long as that order is not fixed, any Member is entitled to occupy any seat he chooses. I cannot, I am afraid, delay the fixing of that order any longer. I have delayed it for this short time owing to the representation made to me by certain Members. Now, it is not desirable that I should wait any longer, and if any Member wishes to make any representation on the subject, he should do so before 12 o'clock on Monday next. The seating arrangements which I propose to make will come into force from Tuesday, the 25th instant.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 25th January, 1927.

LEGISLATIVE ASSEMBLY.

Monday, 24th January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock

ADDRESS OF H E THE VICEROY TO MEMBERS OF THE LEGISLATIVE ASSEMBLY

(His Excellency the Viceroy with the President of the Legislative Assembly having arrived in procession, His Excellency took his seat on the dais.)

H. E. the Viceroy: Gentlemen, it is my pleasant duty to-day to welcome you to the opening Session of the Third Legislative Assembly and to wish you well in the labours you are about to undertake. Since I last had the honour of addressing you the elections have wrought their changes, but, although we miss the presence of some whose faces and names were familiar in the last Assembly and in the wider political life of India, I am glad to see that many have returned whose experience in previous Houses will be of great value in the important deliberations which this Assembly will be called upon to undertake.

To-day you meet for the first time in your new and permanent home in Delhi. In this Chamber the Assembly has been provided with a setting worthy of its dignity and importance, and I can pay its designer no higher compliment than by expressing the wish that the temper, in which the public affairs of India will be here conducted, may reflect the harmony of his conception.

As regards external affairs, there is only one matter to which it is necessary for me to refer. As Hon'ble Members are aware, the situation in China has been the subject of grave anxiety. Attacks have recently been made on the lives and property in the various treaty ports of the mercantile communities, which include many Indian as well as British subjects. Certain Settlements have already been evacuated under pressure and the property of the residents extensively plundered. Other and even more important areas are similarly threatened and His Majesty's Government have reluctantly decided that it is their duty to send reinforcements to China to protect the lives of those for whose safety they are responsible. Having regard to the fact that India is the nearest part of the Empire in which forces are available for immediate despatch, the Government of India have agreed to co-operate in this purely defensive action by contributing a contingent, including Indian troops.

Public opinion throughout the world has lately witnessed the enlightened action that has been taken to bring to an end the conditions of slavery previously existing in Nepal. Hon'ble Members will have welcomed more recent examples of the same humane movement, provided by the action of the Khan of Kalat within his territory, and by the measures taken only

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last month by Government to stamp out slavery in some of the outlying territories situated close to the Burmese frontier.

A few months ago I had the opportunity of visiting another of India's frontiers on the North-West, and of seeing for myself evidence of the improved conditions which there prevail. I trust that the policy which my Government has been pursuing for the last four years in Waziristan will continue to prove of benefit both to the independent tribes and to the adjacent parts of British India.

When I addressed the Indian Legislature on the 17th August last, I stated that the Union Government had agreed to hold a Conference at Cape Town with representatives of the Government of India, in the hope of reaching a satisfactory settlement of the Indian problem in South Africa.

The delegation, appointed by my Government and generally accepted by Indian opinion as representative, sailed for South Africa on the 24th November, and on arrival received a most cordial welcome from both the Government and the people of the Union. The Conference was opened by the Prime Minister of the Union on December 17th and closed on January 18th. As Hon'ble Members have seen from telegrams that have appeared in the Press, a provisional agreement has been arrived at between the delegations of the Indian and Union Governments, which will require ratification by the respective Governments.

Hon'ble Members will share the satisfaction of my Government that Sir Muhammad Habibullah and his colleagues, again happily assisted by the devoted and unselfish labours of Mr. Andrews, should have succeeded in reaching an understanding which, as we may hope, will lead to a settlement of this long-standing problem. Those who recall the difficulty that this question presented a few months ago will feel that the new aspect which it has assumed reflects high credit on those who have represented the two countries in these discussions. Our delegation have already left South Africa and are due to arrive in Delhi on February 6th. Pending their return and the receipt of their report, I am not in a position to make any announcement regarding the provisional settlement that has been reached. It is intended to publish the results of the work of the Conference simultaneously in both countries, and in regard to the date of such publication we are bound to consult the wishes of the Union Government. My Government will not fail to give the Chambers of the Indian Legislature an opportunity of discussing the matter at the earliest possible opportunity.

I now turn to the announcement made by my predecessor on the 9th February 1926 in the Council of State conveying the decision of His Majesty's Government to re-constitute the Royal Indian Marine as a combatant force, thus enabling India to enter upon the first stage of her naval development, and ultimately to undertake her own naval defence. Lord Reading pointed out that much constructive work had to be done before the Royal Indian Navy could be inaugurated. I am glad to be able to say that considerable progress can already be recorded. The Bombay Dockyard has been busily engaged on the equipment of the Depot Ship, and only one sloop remains to be acquired in order to complete the initial strength in ships. Details of recruitment, organisation and finance have been worked out, and the most important of the proposals of my Government under these heads are already in the hands of the Secretary of State. The necessary legislation in Parliament will be carried

through, I hope, early this year. My Government will then be in a position to introduce legislation to provide for the discipline of the new force; and when that legislation is passed, the Royal Indian Navy will come into existence.

A recent event of outstanding interest has been the arrival in India of the Secretary of State for Air in the first of the great air-liners sent out to this country by the Imperial Airways Company. In so far as India is concerned, this development of aviation marks the introduction into the country of a new form of civil transport. India is a country of vast distances, but aviation annihilates distance as it has hitherto been reckoned. The increased speed of air-transport, coupled with the facilities which it offers for surmounting geographical obstacles, will be a potent factor in shortening the communication of India with other countries, and also in linking up her own widespread Provinces, thus drawing them more closely together as members of a single nation.

As the House knows, there are several financial and commercial matters, with which we are at present concerned. After a series of balanced budgets the Government of India may justly claim to have reached a strong financial position, with their credit firmly established both within and outside India. While securing this result, for which India owes a real debt of gratitude to the Hon'ble Finance Member, Sir Basil Blackett, Government have been able to abolish the Cotton Excise duty, to reduce the salt-tax and to extinguish a considerable proportion of the Provincial Contributions. During the present Session, in addition to the annual Finance Bill, legislative measures will be laid before you to give effect to the principal recommendations of the Currency Commission.

A Bill will also be placed before you, based on the recommendations of the Tariff Board as regards protection to the steel industry. The declared object of our protective policy is that ultimately the protected industries should be able to stand alone and face world competition unaided, and it is by this criterion that the success or failure of the policy will be judged. The remarkable progress made at Jamshedpur since 1924 affords reasonable grounds for hope that, before many years have passed, steel will be made as cheaply in India as in any country in the world, and that the need for protection will disappear. But it is necessary, if capital is to be attracted to the industry, that manufacturers should be assured for a reasonably long period of the continuance of the basic duties applicable to imports from all countries. The Board however are, I think, right in forecasting that after seven years the time will have come to review the position afresh and ascertain, in the light of the circumstances then existing—not whether the industry deserves protection, for that question has been decided—but whether it still needs it.

The Tariff Board, which was specially constituted to consider the claim to protection of the cotton industry, is, I understand, about to submit its report, and my Government will seek to arrive at a prompt decision on the issues involved.

I turn now to topics of a more general character, which must necessarily occupy a prominent place in all our thoughts.

• This Assembly is of particular importance inasmuch as within its lifetime must be undertaken the Statutory enquiry, prescribed by the Government of India Act. This fact is my excuse—if such be needed—for speaking frankly on some aspects of the general situation. But, before

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doing so, I desire to make my own position and that of any Governor General plain.

As long as the final control of Indian policy is constitutionally vested in the Secretary of State on behalf of Parliament, it is the duty of the Governor General, while he holds his office, to guide his conduct in conformity with the general policy approved by the Imperial Government. Just as in Parliament, however, Indian affairs are with foreign policy rightly held to be outside ordinary party controversies, so a Governor General as such has no concern with British party politics. It is his duty with his Government to seek faithfully to represent to the Imperial Government what he conceives to be India's interests, and he must count on the help of the Legislature to enable him to do this fairly. On the other hand, it is possible that he may be able to help India, by telling those who represent her in her Councils, from his own knowledge, of the manner in which, and the angle from which, the judgment of Parliament is likely to be formed.

I do not ignore the fact that there is a section of opinion in India which rejects the right of Parliament to be the arbiter of the fashion or the time of India's political development. I can understand that opinion, I can acknowledge the sincerity of some of those who hold it, but I can devise no means of reconciling such a position with the undoubted facts of the situation.

But there is another section of opinion which, while hesitating to prefer so fundamental an objection to any right of Parliament to be the judge of these matters, would yet say in effect that it was indefensible for Parliament to exercise its judgment in any sense but that of granting to India forthwith a wide, if not a complete, extension of responsible power.

The distinction between these two lines of criticism is narrow; for Parliament would be no real judge if its title were held to depend for sanction upon the judgment that it delivers, and it is scarcely possible to impugn its right to deliver a free verdict, without challenging its title to sit in judgment on the case.

I have not infrequently been told that the problem is psychological, and that many, if not most, of our present difficulties in regard to pace and manner of advance would disappear, if it was once possible to convince India that the British people were sincere in their professed intention of giving India responsible government.

It is difficult to know in what way one may hope to carry conviction to quarters which remain unconvinced. I have already stated my belief that, whether what the British people has sought and is seeking to do in India will be approved or condemned by history, their own inherited qualities left them no alternative but to open to India the path in which they had themselves been pioneers, and along which they have led and are leading the peoples, wherever the British flag is flown.

Moreover, in the success of the attempt to lead a friendly India towards self-government, the self-interest and the credit of Great Britain before the world are alike engaged, and forbid her to contemplate with equanimity the failure to achieve a purpose which has been so publicly proclaimed. Every British party in a succession of Parliaments, elected on the widest franchise, and therefore representing in the widest possible manner the British people, has pledged itself to the terms of the 1917 Declaration.

They have implemented those terms by legislation, and thus given practical proof of sincerity by introducing wide and far-reaching changes into the structure of Indian Government.

From those undertakings no British party can or will withdraw, and, although the British race may lack many excellent qualities, they can afford to remain unmoved by charges of bad faith, which their whole history denies.

But, it is said, the alleged sincerity of Parliament receives practical contradiction on the one hand by arbitrary executive acts such as the detention of certain men without trial in Bengal, and on the other by the reluctance of Parliament to give a firm time-table for the completion of its loudly professed purpose of making India herself responsible within the Empire for her own government. The first question concerns the exercise of that executive responsibility which must rest upon any administration, however constituted; and, though I am well aware of its political reactions, it is a question which must be dealt with on its merits, and has no direct relation with the general question of constitutional advance. For constitutional forms may vary widely, but the maintenance of law and order is the inalienable duty of all those on whom falls the task of government. And indeed the action, of which complaint is made, is solely due to the fact that Government has had good reason to believe that those now detained had rejected the way of constitutional agitation for that of violent conspiracy, and that to put a term to their dangerous activities was essential.

I share with all Honourable Members the desire to see an end to the necessity for the continuance of these measures, but the guiding principle in this matter must and can only, be the interests of the public safety. Nor is the matter one that rests wholly or mainly in the hands of Government. Before releases can be sanctioned Government must be satisfied either that the conspiracy has been so far suppressed that those set at liberty, even if they so desired, would be unable to revive it in dangerous form, or if the organisation for conspiracy still exists, that those released would no longer wish to employ their freedom to resume their dangerous activities. Government have always made it clear, and I repeat to-day, that their sole object in keeping any men under restraint is to prevent terrorist outrages, and that they are prepared to release them the moment they are satisfied that their release would not defeat this object.

The other main ground for challenging the sincerity of Parliament is based, as I have said, upon the general method of approach that Parliament has adopted towards the problem of Indian constitutional development, and as regards this, I wish to speak more fully.

Those who are anxious to see constitutional advance must either coerce Parliament or convince it. I cannot emphasise too strongly that in this matter they are not likely to succeed in coercing Parliament, and that Parliament will resent the attempt to do so, under whatever shape the attempt is made. Moreover, it must inevitably be gravely disquieted by language, which appears to be inspired by hostility not only to legitimate British interests, but also to the British connexion. Nor is this feeling on the part of Parliament the mere selfish desire to retain power that it is sometimes represented. Parliament believes, and in my judgment rightly, that as it has been placed by history in a position to guide

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and assist India, it would be definitely defaulting on these obligations if it surrendered its charge before it was satisfied that it could be safely entrusted to other hands.

Parliament therefore will be rather inclined to examine the practical success or, otherwise that has attended the attempt it has made to solve the problem. It will be quite ready to believe that there are features in the present arrangements which can be improved—and it will be ready to improve them. What it will not understand is the line of argument which says that, because the present foundations for future responsible government are alleged to be at fault, this is necessarily to be remedied by immediately asking those foundations to bear the entire weight of the whole edifice we desire to build.

When Parliament invites India to co-operate in the working of the reformed constitution, it does not invite any Indian party, as it was authoritatively stated the other day, to lay aside for the time being its demand for Swaraj; it does not desire that any party or individual should forego the freest and fullest right of criticism and constitutional opposition to any action that Government may take; but it does invite Indian political parties to show whether or not the ultimate structure, which Parliament is seeking to erect, is one suitable to Indian conditions and Indian needs. If it sees any large section of Indian opinion, however vocal in its desire to further the cause of Indian self-government, steadily adhering to the determination to do nothing but obstruct the machinery with which India has been entrusted, Parliament is more likely to see in this evidence that the application of Western constitutional practice to India may be mistaken than proof of the wisdom of immediate surrender to India of all its own responsibility. It is therefore a matter of satisfaction that a considerable part of the political thought of India has not allowed itself to be dissuaded by criticism or opposition from endeavouring to work the new constitution with constructive purpose. Those who so guide their action are in my judgment proving themselves the true friends of Indian constitutional development.

Parliament is likely to judge these matters as a plain question of practical efficiency. It will be less interested in the exact legal and constitutional rights granted by the reforms to the Indian Legislatures than in the extent to which these Legislatures have realised their responsibilities and duties. It will be quite willing to recognise and make allowance for the limitations placed upon Legislatures by the existing constitution; but it will be genuinely puzzled and disappointed if it finds that a good part of ten years has been wasted in a refusal to play the game because some of the players did not like the rules. Propaganda in favour of altering the rules in the early stages of the game will have little effect on the mind of Parliament, but, on the other hand, it will certainly be influenced if it finds the Indian Legislatures exercising their responsibilities, albeit limited, in a spirit of service to India, and tacitly assuming always that their real responsibility is greater than that which is expressed in any Statute.

For Parliament has spent hundreds of years in perfecting its own constitution, and knows very well that it has only grown into what it is to-day by the steady use and extension of the power, at first limited, but by

custom and precedent constantly expanding, which it contained. There was a time in Canada, when the religious differences between Protestants and Roman Catholics were supposed to constitute an absolute bar to full self-government; but after a few years, owing to the good sense of the Canadian Legislature, the very real powers of the British Parliament to intervene were silently alloyed first to fall into desuetude and then to disappear. Parliament knows too that it is by this means that everyone of the Dominions has obtained fully responsible self-government, finally leading, as we have seen at the last Imperial Conference, to a wide revision of the letter of constitutional relations previously prevailing between the several Governments of the Empire.

What then is the position?

If we concede, as I ask we may, to British and Indian peoples sincerity of purpose, we are in agreement on the fundamental matter of the end we desire to reach. There may be, and is, disagreement over the ways and means of reaching it; but it is surely a strange distortion of perspective if we allow our conduct to be unduly influenced by differences on issues, which are after all only incidental to the main issue on which we are agreed.

Here, as in other human affairs, evolutionary progress can be realised in two different ways, between which we have constantly to make our choice. Either we can search out points of agreement, in the final purposes which inspire thought and action; or, rejecting these peaceful counsels, we can follow the way of conflict where agreement is forgotten, where disagreements are exaggerated, and where the fair flowers of mutual understanding and trust are overgrown by the tangled weeds of suspicion and resentment. In many directions and throughout many centuries the world has made trial of the last, and, in sore disappointment at the results, is coming painfully to learn that the way of friendship may be at once the more noble and the more powerful instrument of progress.

I have thought it right to say so much, because I am deeply impressed with the gravity of the situation and with the necessity that lies upon us all of facing facts. I am conscious that much that I have said may evoke criticism and excite opposition; but I hope that I may have succeeded in saying it in words that will not wound the legitimate susceptibilities of any. If in this respect I have anywhere gone astray, and employed language which has falsified my hopes, I would here express my genuine regret. But believing as I do that what I have said is true, I should think myself to have been lacking in my duty, if I had been deterred from telling this Assembly frankly what I conceive to be the truth, from fear that it might sound unpleasantly upon their ears. It were better to be blamed for saying unpleasant things if they are true in time, than to be condemned for saying them too late. I think it is essential that India should clearly appreciate some of the factors which will be powerful to influence the mind of Parliament. I have sought, so far as my own experience and knowledge on these matters is of any worth, to place India in possession of them, and I earnestly hope that, in the time which will elapse before the Statutory enquiry, events may follow such a course as may convince both India and Great Britain that it is possible for them harmoniously to work together for the consummation of their common hopes.

LEGISLATIVE ASSEMBLY.

Tuesday, 25th January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN:

Mr. Hugh Golding Cocke, M.I.A. (Bombay: European);

Lieut.-Colonel H. A. J. Gidney, M.L.A. (Nominated: Anglo-Indians);
and

Mr. Narayan Malhar Joshi, M.L.A. (Nominated: Labour Interests).

MOTION FOR ADJOURNMENT.

DESPATCH OF INDIAN TROOPS TO CHINA.

Mr. President: I have received the following notice of motion for adjournment of the House from Mr. Srinivasa Iyengar:

"I give notice that I shall move the adjournment of the House to-morrow (25th January) to consider a matter of urgent public importance:

the action of the Government of India in agreeing to contribute a contingent including Indian troops to take part in the military operations in China."

I do not understand what debate the Honourable Member desires to raise on this motion. If his object is to call into question the foreign policy of the British Government or that of the Government of India, the motion is clearly out of order. I should like, therefore, in the first instance, to ascertain from the Honourable Member what the object underlying his motion is. The motion, I regret to observe, is in very wide terms and I should like to know from the Honourable Member what really he means or what point he intends to raise by this motion.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, the object of the motion is to discuss the question whether the Government of India is entitled to or should send Indian troops to China without consulting the Indian Legislature.

Mr. President: I do not know if, in view of the narrow issue which Mr. Srinivasa Iyengar proposes to raise on his motion, Government have any objection.

The Honourable Sir Alexander Muddiman (Home Member): Yes, Sir, I am afraid I must object—for this reason; because it seems to me impossible to discuss the question of sending troops to China without explaining to the House the reason why troops are being sent to China, and that would involve a discussion which cannot fail to affect our relation—not only the relation of this Government but of the British Government—with many other foreign powers. A discussion of this kind at this stage could not fail,

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in my judgment, and it is a considered judgment speaking as a Member of the Government, to have the most disastrous results. I believe it would be impossible, however carefully my Honourable friend was to avoid going beyond the narrow issue, not to discuss the necessity and other points relating to the sending of these troops, and, even if he was successful in that, there is no guarantee that other Members of the House would observe the same restraint. If my Honourable friend wishes at any time to raise the constitutional issue, I would suggest to him that it is very easy for him to do so in general terms and without interfering with international relations which may have reactions which this House I am sure would be very very reluctant to stir.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhamadan Urban): Sir, the motion which is before the House and in respect of which leave is being asked for arises out of an announcement made by His Excellency the Governor General in his Inaugural Address.

Mr. President: Order, order. The only question now under consideration is the point of order, and I would ask the Honourable Member to be as brief as possible.

Pandit Motilal Nehru: I will not be more than five minutes. It arises out of the announcement made by His Excellency that the Government of India had agreed to send a contingent including Indian troops to China. Well, the object of the motion is simply to protest against any such agreement having been arrived at without any reference to this House and without giving it an opportunity to express its views on the subject. As the issue has been limited by the Mover, there is no question of any foreign relations between the British Government and any foreign power. The Viceroy himself said that the reason why the contingent was being sent was the lawlessness of a certain section of the Chinese public which had resulted in insecurity of life and property and that this was a purely defensive measure against such lawlessness. That was the reason assigned by His Excellency himself. We are not going beyond that, and I do not think it is proposed to discuss anything else. There are no relations between the British Government and His Excellency the Governor General or between the Governor General and any foreign State involved. It is a purely domestic question whether the troops that are being sent out to China for whatever reason (with which we are not concerned) should include a contingent from India containing Indian troops without reference to the Legislature. That is the whole point. As for the apprehension of my friend the Honourable the Home Member that, although the Mover of the Resolution may restrict himself to the narrow issue he has stated, there is a likelihood of the other Members going beyond the limits, I submit, Sir, that it will be for you to see that the Members do not go beyond those limits, and I think the House may well leave it in your hands. We are sure that you will not allow the discussion to digress.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I support what my Honourable friend the last speaker has said and I wish to draw attention to just one or two other points. The troops of India cannot be employed outside India without the sanction of Parliament. The troops of India should not be employed out of India without consultation with this Assembly. When there was a war, the Government were pleased to call a Conference. That Conference was invited in Delhi in order to explain to the Princes and people of India the

reasons which led His Majesty's Government to enter upon the war and to ask for their continued support in carrying the war to a successful issue. We do not know what developments may take place in the future in connection with the despatch of this contingent to China, but I am sure that if such a more serious contingency should arise, Government would wish to enlist the sympathy and support of the Indian public represented as it is in this Legislature, in order to carry out their policy, and it seems to me, Sir, that the question as to whether the Government should have sent out troops without any reference to this Assembly is a question of vital importance and that it should be discussed as such without entering into questions which will affect the foreign relations of His Majesty's Government.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, are we to understand that the Honourable the Home Member has raised a technical objection to this motion on the ground that it will come within the mischief of the rule prohibiting discussion of the foreign relations of His Majesty's Government, or does he simply object on the point of expediency?

Mr. President: The Honourable Member has heard the Home Member as I have done. The Home Member is quite clear that he objects to the motion on the ground that it falls within the mischief of rule 22 or 23—whichever it is—of the Resolution Rules and he further objects on the ground that any discussion of the subject matter of the motion at this stage would lead to disastrous consequences. I have no power to disallow this motion on the ground that it can not be moved without detriment to the public interest. That power is vested in the Governor General. The Chair is therefore not concerned with the second objection. The main objection of the Home Member, as I understand, is that the motion comes within the mischief of Rule 23 of the Resolution Rules.

***Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): Sir, I understand that the motion which is now before the House is sought to be confined only to one point, namely, whether the Government of India should have agreed to send Indian troops to China, as was announced by His Excellency the Viceroy, without reference to this House. That is what I understand to be the issue. If that is the only issue, then the only question that we can discuss is whether the Government of India should have referred the matter to this House before they agreed to send the troops or not. If it is confined only to that point, then may I know what objection there can be to the motion being discussed?

The Honourable Sir Alexander Muddiman: I should like to say, Sir, that if I am to justify, I must explain; if I am to explain, I must explain foreign relations. It is quite obvious that I cannot justify by any other way. It was said that Members would confine themselves strictly to the terms of the motion. I am quite prepared to admit that they will endeavour to do so. But I cannot confine myself to the terms of the motion. I cannot explain matters that cannot be explained without references that at this stage might have most unfortunate results and would open a debate not within the rules. I do appeal to the House to consider the international

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implications of this matter. Already in this discussion I have heard the use of the term "war". Do you really desire to prejudice negotiations of the most delicate character? If, I am to justify this, I cannot justify it fully without breaking the rules. Do you wish to force me into that position? I appeal to the House.

Mr. S. Srinivasa Iyengar: I wish to reply in a word or two. I do not propose to argue it.

Mr. President: The Honourable Member has no right of reply in this case. It is merely a point of order that is being discussed. The Honourable the Home Member does not question that the motion now before the House raises a definite matter or a matter of urgent public importance. I take it, therefore, that the subject matter of the motion is a definite matter of urgent public importance. The main ground on which he objects to this motion is that it relates to a matter affecting the relations of the British Government with the Chinese Government. This Assembly is certainly not entitled to criticise or discuss the foreign policy of the British Government or of the Government of India, and any motion which directly or indirectly raises any discussion of that foreign policy would certainly be out of order. But the Honourable Member in charge of this motion has clearly indicated that his intention is to restrict this motion to a narrow issue, namely, that the Government of India should not have agreed to send Indian troops to China for military operations without reference to this Assembly. There is, therefore, no danger of the Assembly discussing or criticising the foreign policy of any Government. I fully appreciate the point of view of the Home Member that any discussion on the subject matter of this motion at this stage would lead to disastrous consequences. But, as I have already pointed out to this Assembly, it is not a question for the Chair to consider. The Chair is bound by the rules and regulations, and, if the motion does not raise any question of foreign policy of the British Government or of the Government of India and merely calls in question the action of the Government of India in agreeing to send Indian troops without any reference to this Legislature, I do not see how I can disallow it. It was contended that Members would not have sufficient restraint in discussing this motion and would criticise the foreign policy in their speeches. It is of course for the Chair to see how it would regulate the discussion on this motion, and I am perfectly certain that, so far as I am concerned, I shall not allow any Member in the slightest degree, directly or indirectly, to call into question the decision of the British Government to carry on military operations in China or anything of that kind and I shall also see that the discussion on this question is restricted to the one issue and the one issue alone, namely, the action of the Government of India in agreeing to send Indian troops without reference to this Assembly. The Home Member further contended that Members might put a restraint on themselves but he could not explain his case without giving reasons why the Government of India had been obliged to agree to send troops to China. Well, that is his misfortune. The Chair cannot help him. In the opinion of the Chair, it is not at all necessary for the purpose of this restricted motion for the Home Member to touch on and discuss the question of foreign policy. He can very well say in reply "Well, we are not bound under the Government of India Act to consult the Legislature, and therefore

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we have not consulted them". Or he might go further and say, "Ordinarily, we would consult the Legislature, but in this matter, there are secret negotiations going on, or anything of that kind, and therefore it is not in the public interests to discuss the whole matter on the floor of this House". He can, if he wishes, meet the Legislature in that way. But, as I say, it is not my fault that the Home Member finds himself in a difficult position. For all these reasons, I rule that the motion, restricted as it is on a single narrow issue, is in order.

I now ask whether the Honourable Member has the leave of the House to move the adjournment?

The Honourable Sir Alexander Muddiman: I oppose it.

Mr. President: As objection is taken, I request those Honourable Members who are in favour of leave being granted to rise in their places.

(More than 25 Honourable Members rose in their places.)

Mr. President: As more than 25 Honourable Members have risen, I intimate that leave is granted and that the motion will be taken up at 4 p.m. to-day for discussion, unless, in the meantime, His Excellency the Governor General otherwise directs.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President: I have to announce that the following Members have been elected to serve on the Standing Finance Committee for Railways:

Maulvi Muhammad Yakub,

Mr. H. G. Cocke,

Mr. R. K. Shanmukham Chetty,

Mr. E. F. Sykes,

Mr. Jamnadas M. Mehta,

Haji Chaudhury Mohammad Ismail Khan,

Mr. Fazal Ibrahim Rahimtulla,

Mr. Ghanshyam Das Birla,

Haji Abdulla Haroon,

Mr. M. S. Aney, and

Mr. Varahagiri Venkata Jogiah.

STATEMENT LAID ON THE TABLE.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I lay on the table the Agreement* between the United Kingdom and Estonia regarding Tonnage Measurement of Merchant Ships, together with Notes exchanged, which affects India.

ELECTION OF THE PUBLIC ACCOUNTS COMMITTEE.

Mr. President: Non-official Members of the Assembly will now proceed to elect eight members to serve on the Committee on Public Accounts. There are 18 candidates whose names are printed on the ballot papers which will now be supplied to Members in the order in which I call them.

(The ballot was then taken.)

THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): I ask for leave to introduce a Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose. I do not think that I need add anything to the Statement of Objects and Reasons setting forth the purposes of this technical Bill. I move.

The motion was adopted.

The Honourable Sir Basil Blackett: I introduce the Bill.

THE INDIAN SECURITIES (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): I move for leave to introduce a Bill to amend the Indian Securities Act, 1920, for certain purposes for the reasons given in the Statement of Objects and Reasons.

The motion was adopted.

The Honourable Sir Basil Blackett: I introduce the Bill.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

(AMENDMENT OF SECTION 115.)

The Honourable Sir Alexander Muddiman (Home Member): I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

The section amended is section 115 of the Code which deals with revisions. As this is a new House, I may explain the genesis of the Bill. The Government of India appointed a very strong Committee which is generally known as the Civil Justice Committee and they made a very large number of recommendations. Those recommendations have been in large part dealt with, but still there are some which have not been disposed of. The particular proposals which this Bill puts forward were recommended by that strong committee which was presided over by the present Chief Justice of the Bengal High Court. The reasons which led the Civil Justice Committee to make those recommendations will be found on pages 370 to 375 of their Report. They examined the matter with considerable care. The proposals in a word effect a considerable reduction in the power of the High Court to interfere on revision. The Government of India felt that proposals of this kind required further examination and they circulated it to Local Governments and High Courts, and a considerable body of opinion supported the Civil Justice Committee's proposals. In these circumstances I felt it my duty, as the recommendations of this powerful Committee had been supported in various competent

quarters, to bring in a Bill in this House to give effect to this. I accordingly ask for leave to do so.

The motion was adopted.

The Honourable Sir Alexander Muddiman: I introduce the Bill.

THE INDIAN LIMITATION (AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move for leave to introduce a Bill further to amend the Indian Limitation Act, 1908, for certain purposes.

Those Members who were Members of the last House will have seen this Bill before. It is a Bill with a short history. It was originally introduced and passed in the Council of State. I moved on it in the last Assembly and objection was taken on two small points. It was at the end of the Session. I could not plead any great urgency and, therefore, I asked and obtained the permission of the House to withdraw that Bill. The Bill as introduced endeavours to meet the two points that were taken in the debate on the occasion when I last moved. Our late colleague, Sir Sivaswamy Aiyer, raised the question of clause 2 of the Bill and we have amended clause 2 of the Bill as now introduced in a manner which I hope meets the point raised. He raised the question—I see I was wrong, it was Sir Hari Singh Gour, not Sir Sivaswamy Aiyer—that it should not be necessary that the fact of payment under clause 2 should appear in the handwriting of the person making it. The Bill now provides that the acknowledgment of the payment may be in the handwriting of or in the writing signed by the person making the payment. That, I think, goes some way to meet the objection then raised. Another objection of a more general character was that a Bill providing for limitation should not be introduced without a reasonable amount of notice to people concerned and we have provided for that by inserting in the Bill that I now ask for leave to introduce a commencement clause providing that it should not come into force till the first day of January 1928. The other small amendments with which the Bill deals are of a trivial nature and were not challenged on the last occasion they were before the House, and I conceive will not be challenged on this occasion. Sir, I move for leave.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE INDIAN REGISTRATION (AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move for leave to introduce a Bill further to amend the Indian Registration Act, 1908, for a certain purpose.

This, Sir, is a Bill which has been thought to be necessary in view of a certain decision of their Lordships of the Privy Council. That decision was given in the case of *Dyal Singh vs. Indar Singh*. The Privy Council in that case lay down that an agreement to sell immoveable property of the value of Rs. 100 or more, if it contains the recital of part payment of purchase money by way of earnest, requires registration so as to render it admissible in evidence. Our attention has been drawn to this case both by

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questions in this House and also by a reference from the Bombay Government, and the consensus of opinion we have received and the best advice we can obtain go to show that unless we legislate we shall leave the law in a very unsettled condition. What exactly is the effect of the decision is possibly doubtful. I see that it has been judicially considered in a Bombay case comparatively recently, and if the view of the Bombay court is the correct one, then the scope of the effect, or as we conceive the effect, of the former decision of the Privy Council is somewhat limited. The case was that of Lachmi Das and Company *versus* D., J. Akali, which was heard by the Chief Justice and Mr. Justice Kemp. But in any event we do fear there may be a considerable disturbance of a procedure, or rather of a rule, which has been followed for a considerable period of years by the Indian courts. Therefore it is for that reason, Sir, I ask leave to introduce the Bill.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE CURRENCY BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I introduce the Bill further to amend the Indian Coinage Act, 1906, and the Indian Paper Currency Act, 1923, for certain purposes, and to lay upon the Governor General in Council certain obligations in regard to the purchase of gold and the sale of gold exchange.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): May I ask the Honourable Member one question? When is it his intention to bring up this Bill for consideration before the House?

The Honourable Sir Basil Blackett: Sir, I am not prepared at the moment to answer that question which is one for the Leader of the House.

THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I introduce the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India.

THE IMPERIAL BANK OF INDIA (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I introduce the Bill further to amend the Imperial Bank of India Act, 1920, for certain purposes

THE STEEL INDUSTRY (PROTECTION) BILL.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I introduce the Bill to provide for the continuance of the protection of the steel industry in British India.

THE INDIAN MERCHANT SHIPPING (AMENDMENT) BILL.

The Honourable Mr. J. W. Shore (Member for Education, Health and Lands): Sir, I introduce the Bill further to amend the Indian Merchant Shipping Act, 1923.

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I introduce the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes.

THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, the motion that I now have the privilege to move is that the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India be circulated for the purpose of eliciting opinions thereon.

Of the three Bills relating to currency which have just been introduced this is the one which deals in a comprehensive manner with the recommendations of the Currency Commission as a whole and contains the proposals of the Government of India for giving effect to those recommendations. Of the other two Bills the last, the Imperial Bank of India (Amendment) Bill, is in a sense consequential on the Bill now before us. It is designed to regulate the position of the Imperial Bank of India when the Reserve Bank has come into effective existence. The first of the three Bills, the Currency Bill, is in substance a revival of the Bill introduced last August into the last Assembly, the purpose of which is to regulate the stabilization of the currency of India during the interim period between now and the moment when the Reserve Bank of India comes into existence. The Gold Standard and Reserve Bank of India Bill covers the whole of the recommendations of the Currency Commission. It provides for the introduction of a gold standard into India in that form which has come to be known as the gold bullion standard, and it provides for the inauguration of the proposed Reserve Bank of India. Its provisions are detailed and somewhat complicated and I do not think that there will be any hesitation in any part of the House in agreeing with the view which has been taken by the Government that the first step is to circulate that Bill for the purpose of eliciting opinions thereon. It is most important that the Government and the Legislature should have the advantage in a measure of this sort of the judgment of the commercial and general public, both on the principles on which the Bill is founded and on the details as set out in the various clauses. It has been no light task for those responsible to get this Bill ready and published by the time this House began its Session. For our success in producing and publishing a Bill at that date we are very much indebted to the team work that has been put in by all those who have been responsible for preparing the Bill, in the Finance Department of the Government of India, in the India Office and in the Imperial Bank of India. I should like to pay a special tribute of thanks to the Controller of Currency, Mr. Denning, for the work that he has done, and last but not least to the draftsman, Mr. Wright, who has worked very hard in preparing this Bill.

The principles of the measure have been before the public for nearly six months, since the date of the issue of the Report of the Currency

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Commission on August 4th, and the whole subject of India's currency and the possible methods of reforming it has been under discussion in the Press and in the study very vigorously since that date. Attention has perhaps been somewhat unduly concentrated on one particular point, a point which from the angle of vision of the Bill now before us may be said to be a minor one. The subject of the ratio is indeed raised by this Bill, for example, in clauses 28 and 35, where the question of the ratio is definitely raised. But I think it will be for the convenience of the House if we defer to another opportunity the continuance of the discussion of that particular subject. The Currency Bill raises the question of the ratio in a specific form, and it is the intention of the Government to press that Bill to a decision during the current Delhi Session. In answer to the point that was put to me by Sir Purshotamdas Thakurdas a few minutes ago, the Government have not yet come to a decision as to the further procedure which will be adopted in regard to the currency measures generally. It depends partly on the progress of other business; but I may say that after consulting opinions so far as they could do so in various quarters of the House, Government are inclined to the view that it will be the desire of the majority of the Members of this House that the Currency Bill should not be brought on for effective discussion until the Budget has been introduced. Meanwhile we propose that the Gold Standard and Reserve Bank Bill should be circulated for public opinion; and we may well hope that before it returns from circulation, the long drawn-out controversy about the ratio will have been happily settled as a result of our discussions in connection with the Currency Bill and that that controversy will not becloud the discussion of this Bill that is now before us. The subject of the ratio is not entirely irrelevant, however, to this Bill. It is obvious that at the moment you are endeavouring to inaugurate an important reform of the currency system, it is most undesirable that you should intrude any disturbing factors, such as a sudden change of the ratio, into the equilibrium which it is most desirable should exist when you are attempting an important reform. Clearly, the intrusion of such a disturbing factor would render it at least open to question whether it was not desirable to postpone for a time any further attempt to reform the currency system until prices had settled down again at an equilibrium in connection with a new ratio. But the subject of the ratio can be dissociated for purposes of discussion; and as I have said, it is desirable that we should so dissociate it I think if we are not to becloud the discussion of this Bill now before us and for the rest of what I shall have to say on this Bill to-day, I propose to leave the question of the ratio entirely aside.

The study of the Bill which we have before us can be conveniently divided under two heads—the gold bullion standard and the Reserve Bank. It is important, however, that we should remember, if we dissociate these two questions for purposes of study, that they are intimately bound up the one with the other. The two parts of the Bill are mutually interdependent. There are certain responsible and important duties which are thrown upon the Currency Authority by the new gold bullion standard that is proposed to be introduced by this Bill. They are not altogether simple duties, and it is very important that if they are to be undertaken, there should at the same time be an improvement in our currency machinery and a unification in the control of the reserves and the control of the machinery which is bound up with our proposals in regard to the Reserve

Bank. There is a very interesting statement by one of the American witnesses, Dr. Sprague, in giving evidence before the Currency Commission on this question of the intimate inter-connection between the problems of currency and the problems of central banking (question No. 15415). In the course of his reply Dr. Sprague says:

"I think in your experience a rather interesting analogy in the United States arises. This is one of a series of Royal Commissions which have been concerned with Indian currency and monetary matters. I think it is rather striking that these successive Commissions up to the present one at any rate have given comparatively little attention to banking matters. If one looks into our history, one finds that public attention throughout many decades concerned itself almost entirely with the securing or proposing of monetary changes. After the crisis of 1873, for example, there was much discussion of the unfortunate situation in which we found ourselves and its causes; and public opinion settled down to the belief that the main cause of difficulty was in the green-back issue."

and he traced the history of currency study in the United States from 1873 onwards till 1907 when:

"came another crisis, not in many respects very different from those we had experienced in earlier decades. It happened that there were not conspicuous monetary causes to which the trouble could be attributed. There was no reason to think that any change in our monetary arrangements would have enabled us to escape the difficulties. Perforce we were driven to perceive that difficulties in our banking system were present, and were in that particular the seat of the troubles,"

with the result that the attention of the students of the subject was diverted somewhat from currency to the question of banking, and ultimately the federal reserve system was established in 1914. So that we must remember in our study of this Bill not to dissociate the question of the Reserve Bank from the question of the gold bullion standard and bear in mind the emphasis laid by the Currency Commission on the mutual interdependence of all their proposals in this respect.

I turn now to the gold bullion standard. The essential feature of the gold bullion standard is that the rupee becomes a gold value equivalent to a definite amount of gold automatically secured from rising in value above that amount of gold or falling in value below it by obligations laid on the Currency Authority and rights given to the public to secure the absolute interconvertibility of legal tender and gold. The rupee
12 Noon. has a long history in India and I suppose the meaning that the ordinary man attaches to the rupee is that it is a silver coin. It is this silver coin (here the Honourable Member showed a rupee) that the word rupee means to most people. But under our new system as proposed in this Bill the rupee will become a gold unit of account and a gold standard of value. Its meaning as the coin will still remain but that will not be its essential meaning. The rupee will be a given amount of gold as a standard of value and as a unit of account. It is interesting to compare the position in some of the countries of Europe which have reverted to the gold standard after a period of difficulty after the war. The latest of them to do so is Belgium. In Belgium they have introduced a new currency called the Belga. The Belga is equal to 5 Belgian francs and 45 Belgas go to a British sovereign. There is no such thing in existence as a Belga. It has no physical existence. It is nothing but a notional entity representing a certain number of grains of gold, about 8½ grains of gold. Its value is kept from rising and falling by an obligation laid

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on the Currency Authority to give not gold but gold exchange for legal tender and legal tender for gold exchange; in other words, Belgium has gone on to the gold exchange standard. India goes a step further in this Bill. The Indian rupee becomes a notional value just as the Belga and for a period, that is for the period between now and 1931, the standard will be the gold exchange standard. The obligation will be laid first on the Government as Currency Authority—that is under the Currency Bill—and then on the Reserve Bank as Currency Authority under the Bill now before us to give gold exchange in exchange for legal tender in India and to accept legal tender in exchange for gold. But after 1931, the position is that we shall go a step further and there will be laid on the Reserve Bank as Currency Authority an absolute obligation to give gold in exchange for legal tender and to pay out legal tender for gold and a corresponding right to the public to secure the absolute inconvertibility of legal tender in India and gold that is to say, India goes on to the gold bullion standard, a standard practically identical to that which was adopted by the United Kingdom under the Gold Standard Act of 1925. Under the Gold Standard Act of 1925 the currency of the United Kingdom ceased to be a paper currency as it had been for some time after the war and became a gold standard currency again. But whereas before the war the public had the right to take gold to the mint and get it coined into sovereigns, that right was taken away by the Gold Standard Act of 1925. No longer can the public take gold to the mint and get it coined into sovereigns. In place of that right an absolute obligation was laid upon the Bank of England to pay out gold in the form of 400 ounce bars in exchange for legal tender and to receive gold from the public and give legal tender for it and the public were given the right to obtain gold in 400 ounce bars from the Bank of England. What we propose for India is practically the same, subject only to certain special arrangements made in regard to the rates at which gold is to be given. The provisions in this respect are so technical that I think it is perhaps undesirable that I should attempt to expound them here. They are found fully stated in the Currency Commission's Report and are turned into legal language in the Bill now before us; but their essence can be quite simply explained. Their essential purpose is on the one hand to secure absolute convertibility between legal tender and gold, so that there is no possibility of the value of the rupee rising above or falling below its gold value. Automatically that right is secured to the holder of the rupee and an absolute obligation laid on the Currency Authority. But provisions are also introduced in order to prevent the Currency Authority, in other words the tax-payer, from having to pay the cost of importing gold into India for non-currency purposes, and at the same time provision is made to secure the continuance of the free working of the gold market in India and to prevent any disturbance of its present powers of providing for the retail demand for gold in India. It is proposed to introduce the gold bullion standard by stages. There is first the stage covered by the Currency Bill, the period between now and the time that the Reserve Bank begins to function. There is then the stage from the time the Reserve Bank begins to function, i.e., not later than the beginning of 1929, and the 1st of January 1931. During that interim period the Currency Authority will be obliged to give foreign exchange for legal tender and will be engaged in building up its gold reserves in order that not later than the 1st of January 1931

it may be in a position to introduce the gold bullion standard. It will be seen that under these proposals India gets an absolute gold standard. She joins the ranks of the gold standard countries of the world with her rupee a gold standard of value and a gold unit of account and the last semblance of the monometallic silver standard will have been shed.

The chief criticism that I have seen or heard in regard to these proposals in regard to the gold standard is that it does not give India a gold currency. This is an old controversy but happily. I think, we are in a position not to quarrel about it on this occasion, for whatever school of thought one may belong to, the school which thinks that it is desirable that India should have a gold currency at the earliest possible moment, or the school that thinks it is inevitable that she should pass through the period of using a gold currency, or the school that thinks that the use of gold currency is undesirable—whatever school one may belong to, the proposal of this Bill for the establishment of a gold bullion standard can be accepted by all as the right step to take next. If you adopt the view that a gold currency is desirable at the earliest possible moment, you must still take as the next step the establishment of a gold bullion standard. It is a stage that you must necessarily pass through, since no one, not even the most confirmed advocate of gold currency, believes that it can be introduced this year or next year. The strongest advocates of a gold currency recognise that it must be postponed for a considerable period while a transitional arrangement is in force, and that transitional arrangement must necessarily be the same as the gold bullion standard proposed to be established by this Bill.

But it may be said, if you cannot give a gold currency at once, why do you not provide in this Bill that on and after a certain date a gold currency shall be brought into existence? I think the answer to that is that the date is necessarily so uncertain that even if it be accepted that a gold currency is desirable, it is absurd to think that we can bind our successors by fixing in this Bill a date at which a gold currency must be introduced. Indeed, by so doing you may very likely not hasten but retard the date at which gold currency would be possible. Ten years hence, fifteen years hence—the date must depend on many factors, most of which are entirely out of the control either of the Government or people of India or of any one nation in the world—ten years hence it may be possible to introduce a gold currency, and if it is possible I have not the least doubt that if the Legislature of that date is still of opinion that it is desirable, a gold currency will be introduced: and you will gain nothing, and possibly may actually retard the date, by trying to fix it in advance in the provisions of this Bill. The first step is obviously to get over the not inconsiderable difficulty of establishing firmly and effectively the gold bullion standard.

That this cannot be established without considerable difficulty as early as the 1st January, 1931, is perhaps one lesson that we can learn from the events of the last year. The crux of any proposal for reforming India's currency is in my opinion to be found in the existence of a large surplus of coined silver rupees. That surplus came into existence—or the greater part of it came into existence—as a result of the extra coinage that was necessary during the war and towards the end of the war. Obviously if we are going to introduce a gold bullion standard, we require a considerable quantity of gold assets. I use the words "gold assets"

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to cover gold coin and bullion securities easily converted into gold, and any other assets which can be turned into gold. At the present moment the fact stares us in the face that of our potential gold assets in the reserves—even if we take silver at the figure of 24 pence—something over 50 crores of our gold assets are locked up in the silver rupees which are in the Paper Currency Reserves, silver which it is very difficult, if not impossible, to convert into gold value at the present time. We have got over 100 crores of silver rupees in the reserves, and in the course of last year over 20 crores of silver rupees have been drawn into the reserves because they were redundant. This redundancy of silver rupees has caused a certain number of people to be apprehensive as to the possibility of maintaining the stability of the rupee at any ratio at all, and it has been regarded with some alarm, for not only have we had to accept these rupees into the reserves, but we have had to use up gold assets to the extent of over 20 crores in the course of last year, in order to find room for them in the reserves. I do not think that anybody would really question the sufficiency of our reserves for maintaining stability in exchange at the present *de facto* ratio, but we must be willing to use our reserves. But for the purposes of a gold bullion standard undoubtedly we need to strengthen the gold portion of our reserves. It is interesting, therefore, to consider the causes of this phenomenon of the flow of rupees into the Paper Currency Reserve. The explanations, I think, are many, but one may choose a few of the most important. One—and perhaps the most interesting—is undoubtedly the increase in the banking and investment habit of India, which has induced people, who formerly kept their savings in the form of rupees locked up in their houses, to keep them in the form of money invested or money banked. But that is only one cause, and certainly not the biggest cause, of bringing rupees out of what one calls hoards. The more important reasons are, I think, the substitution of gold bullion and silver bullion for rupees in the hoards. People have bought gold and silver bullion—principally gold—and put it into the hoards and turned out rupees. These rupees do not affect the amount of legal tender in circulation for the purposes of affecting prices, so long as they are hoarded, but once they come out of the hoards and are in circulation, they are at once a potential increase in the volume of money circulating. With the level of prices which they find they are redundant, and they find their way, therefore, into the currency reserves and notes are taken out in their place. That is the first step. But the notes themselves also contain the same threat of causing conditions of inflation. They, therefore, have to be prevented from causing inflationary conditions. The currency authorities, therefore, are obliged to do what is called contraction of currency. I would ask you to observe that in these circumstances contracting is not something in the option of Government: it is absolutely obligatory unless conditions of inflation are to be allowed to be created.

The Government during the last year have therefore been considerably concerned in effecting what is called a contraction of the currency by finding room in the reserves for these silver rupees, by using up their gold assets and to some extent also their rupee assets also in the form of Government of India securities, but mainly their gold assets. But they have not really been contracting the currency in the sense of causing less

currency to be in existence than there was when they began this process. What has really happened is that rupees which were formerly immobilized in the hoards are now immobilized in the Paper Currency Reserve, and the amount of effective circulation of legal tender is very much the same at the end of the process as it was at the beginning.

I have dwelt on this aspect of the question at a little length partly because I believe that the existence of this large surplus of silver rupees is the crux of all currency problems in India, and partly because I think that the lesson that we have to learn from what has happened is that any attempt to go ahead faster than is proposed by the Currency Commission and by this Bill would be accompanied by some risk. There is no reason to doubt that our reserves are ample to maintain stability of exchange, but we do not want to ignore the existence of this large surplus of silver rupees in any plans that we may make for improving India's currency. I am inclined myself to believe that the amount of surplus rupees still outside the control of the Currency Authority has been reduced to comparatively modest proportions. If so, we cannot feel that the experience has been altogether harmful because we are obviously much better off if we have broken the back of the business of dealing with these superabundant rupees than if the danger is still all ahead. But in any steps that we take for improving India's currency we have to take account of the existence in our reserves and still in hoards of an undesirably large surplus of silver rupees. This subject will come up again in another aspect when we deal with the proposals made by the Currency Commission and contained in this Bill for the composition of the new currency reserve. The proposal is that the Gold Standard Reserve and the Paper Currency Reserve should be amalgamated into one Currency Reserve and detailed conditions are laid down for the composition of that reserve. One of those provisions is that the amount of silver rupees held in the reserve shall be limited to a progressively smaller figure. We shall have to consider that matter very carefully when we come to deal with the Bill in detail.

The existence of these surplus silver rupees has also an important bearing on one other proposal in this Bill which has been the subject of a certain amount of comment. It is proposed in this Bill, in accordance with the recommendations of the Currency Commission, that when the new Reserve Bank notes come into existence, they should no longer be what our Government currency notes now are, promises to pay so many rupees, but should be what the one pound and ten shilling notes are in England, pieces of paper expressing a given value in terms of rupees; their value being maintained, not by any right to convert them into silver rupees, but by the automatic provisions of the currency law and the working of the currency machinery under the Reserve Bank. I think it is very essential that we should get rid of this obligation to give silver rupees for notes. It was that obligation which caused the breakdown of the pre-war currency system during the war, and it is that obligation which is responsible for the existence of the enormous surplus of coined rupees to-day. It is an entirely illogical obligation too under the new system, for under the new system both the silver rupee and the currency note will depend for their value on their convertibility into gold, and it is both illogical and dangerous in the future to make one form of note, the note printed on paper, convertible into another form of note, the note

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printed on silver when the value of both of them depend simply on both of them being convertible into gold.

I need not, I think, say much about the detailed proposals for the composition of the reserves. The proposals are very lucidly set out in the Currency Commission's Report and we have followed those proposals in this Bill in essence. I would only draw attention to one particular point. We have provided in clause 80 of the Bill that when the new Reserve Bank comes into being and the new currency system comes into being, the reserves shall contain at the outset a minimum of 50 per cent. of gold assets, although the proposal of the Currency Commission for the minimum legal requirements for this reserve, as followed by us too in clause 28, is a 40 per cent. minimum only. We propose for safety to start with a 50 per cent. minimum, leaving a margin over the legal minimum.

I can now turn from the gold bullion standard to the question of the Reserve Bank. It is difficult to exaggerate the importance for India of the proposed new Reserve Bank of India. The proposals of the Royal Commission on Currency in this respect have been given worldwide attention and evoked worldwide interest. The establishment of a Reserve Bank for India will be an enormous step forward in the development of India's financial and monetary machinery and will, I think, assist that gradual silent revolution in India's economic life which promises to bring higher opportunities of life and higher standards of living to every one in the country. But it is not only in its effect on financial machinery or on its currency side only that this proposal is of interest. It is an important contribution to the consolidation of the national unity of India. When Alexander Hamilton was devoting his genius to the promotion of the unity of the States of what are now the United States of America at the time when the Union was first being formed, he laid special stress on the Bank of the United States which he was largely responsible for starting. That Bank was destroyed by the provincial jealousies of the various States before it had been many years in existence, and for over a hundred years from that day the United States were without any kind of central banking organisation, with great loss to the people of the United States both in regard to their currency and in regard to other matters. Finally in 1913 the Act was passed which established the federal reserve system. It is interesting to observe that even that Act fell short of what those who were thinking solely of the currency and banking interests of America desired, for instead of creating a single Central Bank for the United States it established a Federal Reserve Board sitting in Washington and twelve Federal Reserve Banks scattered all over the country; and it is generally recognised by those who have devoted thought and attention to this subject in the United States that the system they have obtained falls short of the ideal which they would have liked, namely, a single strong Federal Reserve Bank. That was, however, a concession that had to be made to State separatism—perhaps provincial autonomy is the Indian term—in the United States.

Now just as in the United States the establishment of a central banking institution was regarded by Alexander Hamilton as a key contribution to the unity of the country, so in India I think the establishment of the Reserve Bank of India will be an important step forward in the unification.

of Indian life. I am inclined therefore to regard the proposal respecting the Reserve Bank of India as the most important measure of liberalism in finance that has been ever offered to India. It is a measure which I am proud to think is the first one that is being discussed in this new Council House of New Delhi. I think it is a very fitting measure to take the first place in the new Council House. It is a measure that has a claim to bear comparison with the various progressive developments that have been and are being realised in accordance with the spirit of the declaration of 1917, and I am sure that when it comes effectively into existence the Reserve Bank of India will add enormously to the importance and influence of India's position in the financial counsels of the world when the Reserve Bank takes its place side by side with the other great Central Banks of the Empire and of the United States and elsewhere.

Up till 1920, there was no kind of Central Bank in India, just as in the United States up to 1914. The balances of the Government of India were all held in Government treasuries, not in any bank. The subject came before the Chamberlain Commission on Currency in 1913-1914; but in the end, although they gave considerable attention to the subject, they decided to make no recommendation in regard to the establishment of a State or Central Bank. Their labours were not however altogether fruitless, for it was largely in consequence of their deliberations and of the documents which they published that in 1920 the Imperial Bank of India was brought into existence by the amalgamation of the three Presidency Banks. In the few years of its existence the Imperial Bank has rendered very great services to India. More has been done in those few years, with the opening of over 100 new branches all over the country, for the spread of the banking habit and for the spread of banking facilities throughout India than had ever been done in a similar period before. But there is a very great deal more to do and the first consideration that we have to take into account in dealing with the question of the new central banking institution for India is that nothing we do shall threaten the continued activities of the Imperial Bank in spreading banking throughout India or withdraw banking facilities from those to whom the Imperial Bank is now beginning to offer them. It was this consideration of the enormous importance of the Imperial Bank's work in commercial banking up-country that finally dissuaded the Currency Commission from recommending the transfer to the Imperial Bank of the functions which the Government now do and which it regarded as desirable to transfer to a banking institution. No one likes to face the difficulties and trials of the creation of a new institution until he is convinced that it is absolutely impossible to use an existing institution for the purpose, but the Currency Commission were convinced, and the Government of India have been convinced by the facts of the case, that there is no option—that if the Imperial Bank is to continue to do the services for India which are required from it, and if the central banking functions now performed by the Government are to be transferred from the shoulders of the Government to a bank, then the only choice is to create an entirely new institution. And though one may begin by disliking the idea of creating a new institution there is much to be gained when you look at the picture of the existence side by side of two strong institutions, one continuing with greater freedom than at present the business of expanding banking facilities throughout India, and the other taking over from the Government of India all the functions which the

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Government at present perform in matters that are essentially of a banking character. Once these two institutions are strongly established side by side India will move forward towards that financial and economic development, with the granting of additional financial and banking facilities for Indian agriculture, Indian commerce and Indian industry, which has been the theme and object of one Commission and Committee after another. We shall see the development of a discount market and an acceptance business, of increased facilities for the marketing of produce; and, in short, a gradual mobilisation of India's immense potential capital for the development of India's own resources. The opportunity will at last arise for giving greater effect to some of the recommendations of the Industrial Commission of which my Honourable friend Pandit Mudan Mohan Malaviya was a member, or of the External Capital Committee. In fact a new chapter will open in the financial history of India. The Government will hand over to the Bank a large portion of the work which the Reserve Bank will undertake. The remittance business of the Government will be taken over by the Bank. The Bank will take over the responsibility for the note issue. The Secretary of State has intimated his willingness to promote in the British Parliament the necessary legislation for the amendment of the Government of India Act to enable the control of the Secretary of State's balances to be handed over to the new Reserve Bank in London.

And not only will the Reserve Bank take over all the Government business including the control of the balances, but it will under the proposals towards the end of this Bill, in clause 41, enter into special relations with the other banks in India. It will concentrate the banking and currency reserves of the country. It is proposed by the Commission that it should be obligatory on other banks in India to keep with the new Reserve Bank 10 per cent. of their demand liabilities and 3 per cent. of their time liabilities. After careful consideration the Government came to the conclusion that, having regard to the special conditions of banking in India and to the need for rather a larger proportion of till money than is necessary in countries where banking is more developed, these proportions were rather too large. The figures in the Bill, instead of 10 per cent. and 3 per cent., are $7\frac{1}{2}$ per cent. and $2\frac{1}{2}$ per cent. respectively. It is proposed that all other banks should keep these proportions of their demand and time liabilities with the Reserve Bank.

Membership of the federal reserve system of India will come, I think, to be regarded as a very great privilege by other banks. They will realise that in the Reserve Bank of India they have a friend and counsellor and that in the rediscounting facilities which are offered by The Bank they have an opportunity of being sure that their assets are always liquid—a great deal more liquidity will be given to their assets than they can look for under existing conditions. The credit of these banks will thereby, I think, be considerably improved, and the Reserve Bank meanwhile will by means of this control over a portion of their balances be able to secure

+ control of the money market which is an essential ingredient in any monetary system.

• it is proposed that these banks should make monthly prescribed form to the Reserve Bank, the existence of which

will undoubtedly give confidence to the public and I think our statisticians will feel that a long-felt want is being supplied when they get these figures. *

The relations of the Imperial Bank of India and the Reserve Bank are provided for in particular in the Second Schedule to this Bill. It is of happy augury that the Central Board of the Imperial Bank has found itself able to approve for recommendation to its shareholders the proposals which are included in this Bill for compensating the Imperial Bank for giving up its present contract with the Government. It has at present a contract which runs till 1931 for the management of the Government's balances. It has expressed itself willing to allow this contract to be abrogated forthwith in exchange for the provisions regarding the relationship between the Imperial Bank and the Reserve Bank which are foreshadowed in this Bill. In arriving at those proposals the Government have had to take into account on the one hand the absolute necessity of not doing anything to damage the Imperial Bank for whose coming into existence they had some responsibility and for whose future in developing banking in the mufassil they are deeply concerned. On the other hand they had to be careful that such terms were not given to the Imperial Bank as would damage other banks or would be contrary to the interests of the tax-payer. I think that we have succeeded in these proposals in arriving at a plan which does even-handed justice all round, and I trust that when the Imperial Bank goes before its shareholders, as it must do before this Bill becomes law, no trouble will be met with in securing approval of what is proposed.

It is difficult when one has started on the merits of the Reserve Bank to know where to stop; but I have already made a long speech and other opportunities will arise for discussion of this measure. I have described it as the greatest measure of financial liberalism ever offered to the Indian people and as such I commend it to the House and to the public. Sir, I move.

Mr. President: Motion moved :

"That the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India be circulated for the purpose of eliciting opinions thereon."

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, that the Bill should be circulated there will hardly be difference of opinion on in this House. But the Honourable Member has taken advantage of this motion to tell the House a good deal not only about the main aspects of the Bill but also about the other subject in which he elected to give a technical reply to me this morning. I think, I too may, Sir, put before the House the main aspects of the Bill and currency reform as they strike me.

The Honourable the Finance Member quoted Dr. Sprague of the American Deputation who gave evidence before the Royal Commission in connection with the importance of banking to any country. Dr. Sprague, Sir, is a great authority. But greater authorities or equally great authorities in the past suggested the same thing to the Government of India as far back as 1893. The Herschell Committee and the Fowler Committee said the same thing, and several members on those two Committees put on record distinct recommendations or minutes to the effect

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that the whole of the currency reform in India as undertaken in 1892 and 1898 would be of no avail if banking was not developed. What is the result? The Bill itself contains a very vivid picture of the Government of India's acceptance of that recommendation. I would ask Honourable Members for a minute if I may to turn to the First Schedule to the Bill which it is now proposed to circulate. The First Schedule, Sir, contains the names of banks which the Honourable the Finance Member proposes should be looked upon as important banks to be controlled by the Reserve Bank which he asks this House to approve of. Out of 26 banks in that Schedule, the first 7 contain the names of Indian banks; and out of this 7 there is one which is now owned by a British bank—I refer to the Allahabad Bank which for all practical purposes has been taken over by the P. & O. Bank. You are then left with 6; and out of this 6 again you have one, the Imperial Bank, which owes its existence a great deal to assistance from the Government. There are therefore five banks left. Since 1893 there have been five Indian banks and the Honourable Member to-day quotes Dr. Sprague to show the importance of banking for the development of India

The Honourable Sir Basil Blackett: May I just say that I quoted him on the importance of central banking, which is rather a different thing?

Sir Purshotamdas Thakurdas: If the Honourable Member quoted Dr. Sprague in connection with central banking my remarks would not apply; but I have not Dr. Sprague's evidence with me here and I understood that the quotation was in connection with banking generally.

Regarding central banking, then, I would say that the Reserve Bank as it is now proposed by Government requires to be looked at from the point of view of the main requirement of India, namely, whether this step will encourage banking in India or the development of banking, about the importance of which the Honourable Member himself, I expect, will not have much difference of opinion. I wish then to ask whether the main aim of this Reserve Bank is not control of currency and credit in a single hand. And if that is so, it is only right that the public in India, both commercial and the other public, should have a very substantial say before the Bill comes up before this House for their consideration.

Next the Honourable Member turned to the question of the bullion standard. I have nothing to add to what I have said in my Minute of Dissent on the Royal Commission's Report. I there expressed my conviction that the demonetisation of the sovereign and half-sovereign, the only gold coins which are now legal tender in India, was not necessary. Since then, Indian public opinion has expressed itself unequivocally against this. And this is a matter on which we will hear more later on. The Honourable Member indicated finally that he sympathised with—I do not know if he actually said this or not, but he certainly indicated that if there was a strong feeling in favour of gold currency it would still be feasible even with this gold bullion standard. I think a categorical question may be asked, whether the Government of India are prepared to accept the unanimous recommendation of the Royal Commission that, when India has adequate gold resources, the Assembly *on demand* should have gold currency for India. I think a categorical

reply to this recommendation of the Royal Commission would perhaps remove a good deal of suspicion and what appears to me at least to be some apprehension on this score.

The Honourable Member, Sir, then thought fit to enlarge upon the rather technical reply that he gave me earlier this morning and told the House how he happened to come to the decision that the Currency Bill which contains the question of the ratio need not come before this House till the Budget time. I do not know which section of the House the Honourable Member sounded in order to come to the conclusion that this was the general feeling in the House. From the inquiries that I have been able to make since he said this, I find that at least one or two important sections of the House have not been sounded at all. At Simla, Sir, we were told that the Honourable Member was prepared to go ahead with this question (and I am now mainly referring, Sir, to the question of the ratio) there and then. Then, owing to various circumstances which need not be related here, very nearly five or six months time had to be given and has passed. One would have thought that this House, as soon as it met here, would be given the opportunity of finally expressing its opinion. The Honourable Member does not evidently wish to do so and now wishes to put before the Assembly what strikes me as being another *fait accompli* because, when he brings up this question with the Budget, it would mean that, if the Assembly does not accept what he brings before it, namely, the 1s. 6d. ratio, there will be no time left to alter the Budget and after all the Budget has to be passed before the 31st March, both by this House and by the other. (*Mr. Jamnadas M. Mehta*: "Then drop the Budget".) I therefore feel, Sir, that this at least is not the right way of ascertaining the views of the Assembly. The Honourable the Finance Member knows that there are strong views against his policy and I happen to have very strong views on the question of the ratio. I feel that, if he does not want to handicap this House in an impartial consideration of that question, he should bring it up as early as possible, and the longer the delay the more one will be able to say the handicap to this House and to those who hold views different from what the Honourable the Finance Member holds. (*Mr. M. A. Jinnah*: "Unfortunately".) Sir, the Finance Member has made a few references to the adequacy of the resources of the Government of India to maintain the 1s. 6d. ratio. It is a very big question. I do not propose, Sir, to go into it at present. But I cannot help feeling that when he said that, he had perhaps this in mind, because he indeed did mention that in silver rupees alone he had fifty crores of rupees worth of reserve. If the Honourable the Finance Member has in mind the sale of silver in case of need, all that I can say is that my greatest sympathy will be with the classes whose savings in silver will be further depreciated. He further told us that whilst currency had been contracted, he felt that the same amount of currency was still in circulation. Perhaps a more detailed examination of that dictum would be necessary. But it would be very important for this House to have ample time at its disposal to discuss the question and to express its opinion. I, Sir, very strongly protest against the decision, as it appears to me, of the Honourable the Finance Member, which may be taken perhaps to be the decision of the Government of India, *re* this method of preventing a fair chance of the case being put before this Assembly to those who hold views other than the Finance Member's. I do hope that the Government of India will think over it and will see their way to give this

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House timely opportunity, so that the views of both sides may be weighed by the House and there may not be undue haste in the final step that is to be taken.

I wish, Sir, again to refer to the question of the development of banking. What I said at first I stopped short at, because the Honourable the Finance Member drew my attention to the fact that he quoted Dr. Sprague in connection with central banking. Even in connection with central banking and the necessity of a Reserve Bank, Dr. Sprague, I think, himself told us that in America they had the Federal Reserve Bank on the top of, how many banking branches in that country? 35,000 banking branches. Canada, Sir, has 4,000 banks and banking branches and is still considering the necessity and the advisability of having a Central Bank. I wish the Honourable the Finance Member had given us the figures, in his elaborate speech, of how many banks and banking branches there are in India. You put in in India to-day a pure unalloyed Reserve Bank of the type of the Western countries. I know that in India at times we—indeed in the past and may in future—start from the top instead of starting from the bottom. But such movement in this direction, Sir, in connection with banking is not likely to help and may very likely retard progress. If I have any apprehension regarding either the desirability or the value of a pure unalloyed new Reserve Bank being started, it is only because I greatly apprehend that with the responsibility of developing banking taken away from the Imperial Bank, as at present, there may be very little done by anybody in connection with the development of banking. Till 1919, Sir, there were hardly 200 banking branches available all over India. It was only when the Imperial Bank Bill was brought before the Imperial Legislative Council that that Council said that before they came to any sort of contract with the Imperial Bank, they would insist that within five years the Imperial Bank must start a hundred new branches. To-day

1 P.M. the Imperial Bank stands out as the only banking institution in the whole of India which has branches running into three figures. The branches of the Imperial Bank to-day I understand number about 164. They had 60 branches or so till 1919 and 100 new branches have been started in accordance with the contract since 1920. Now, the Imperial Bank is a combination of three banking institutions, namely, the Bank of Bengal, the Bank of Madras, and the Bank of Bombay. The Bank of Bengal was first started in 1805 if I mistake not. During 115 years of the Bank of Bengal and the existence of very nearly half a century back of the Bank of Madras and the Bank of Bombay—these three between them could or did only start and open branches to the extent of 60. And it was only when the Indian Legislature of the day said “Nothing doing with any banking institution which will have the balances of the Government without an undertaking, a hard and fast undertaking, to open so many branches” that within five years India had 100 new branches. I know and I am quite aware that there is a certain amount of feeling that the competition caused by the Imperial Bank branches is a handicap to private Indian banks being started. I do not wish, Sir, in the slightest degree to indicate that there is nothing in that plea. I mention it because I do not want to be misunderstood. The main thing which the country requires to-day is to consider, from the point of view of those who run Indian banks and those who wish to develop banking institutions in India, what should

be done to encourage banking. The starting of a Reserve Bank of the type that is now proposed will hardly meet the question; in fact, it is possible that there will be nobody left to think of developing branches in the interior of India, and in that connection a reference to Schedule I is very instructive and has a number of lessons. Out of the 26 Banks which can be looked upon as respectable banks for the purpose of banking in India 21 are non-Indian banks. They are either British or Japanese or American or Dutch. There are only 5 Indian banks, and that, Sir, after the Government of India having accepted the Herschell and Fowler Committees' recommendations that development of banking in this country was most necessary even from the point of view of a very correct and adequate currency policy. I therefore submit that the question which is being raised by this Bill is a very important one.

I did in my Minute of Dissent say that there should be a Reserve Bank and it is necessary for me to say why I favoured at all the starting of a Reserve Bank if I held the views which I have enunciated just now. My reason for favouring a Reserve Bank is this. At present the currency policy of this country is directed by the Government of India under the control and direction of the Secretary of State; in fact it is directed from Whitehall. I feel that any measure which could be put before this House to take that control away from Whitehall and vest it in the Government of India such as it is at present, imperfect and at times non-responsible to our demands as it may be, (*Some Honourable Members*: "Always non-responsive.")—well, you may say that, but I say that that is the least that we could do immediately. Let us therefore support a scheme which will take away control from Whitehall and which will give the control here to the Government of India who will be available to us for explanations, and if need be for our telling them plainly what we think of their policy from time to time. I therefore felt that a scheme which showed us a way out of this was worth considering. But I feel, indeed I have said so in my Minute of Dissent, that the Reserve Bank need not necessarily be different from the Imperial Bank. The Imperial Bank, I know, has many critics. At the moment I happen to have the honour of being one of the Governors of the Imperial Bank in my capacity as chairman of the local board of Bombay. But in the Assembly on this question I do not look at this subject from the point of view of the shareholder of the Imperial Bank at all. That is much too insignificant to have the slightest consideration in the very serious problem that faces us—of solving how best to encourage banking and how best to have the currency policy directed from within India and by the Government of India. I therefore feel that we need not at the start go on to the pure unalloyed western standard which has been good for America with its 35,000 bank branches but which is not yet good for Canada with her 4,000 bank branches and which may not be at all suitable to India in her present conditions. How many bank branches are there in India to-day? A guess was risked and I was told that it would not be more than 250. India, which is a continent, with 250 banking branches is sought to be treated in the same manner as Canada which hesitates about it with her 4,000 branches, and the size of the two countries hardly stands comparison. I therefore feel that, so far as this question is concerned, a good deal should be concentrated on what we get for developing our indigenous banking. I therefore feel that it is only right that this Bill should be circulated, and, in conclusion, I will only hope that the Government of India in the Finance Department will seriously think over their present

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idea of delaying the other Bill until Budget time, because if nothing else, there will be very strong ground for suspicion, which has been lurking up to this time, that they do not want the question of ratio to be discussed on its merits and that they propose to use the powers vested in them in order to force this Assembly to a certain decision. I hope that it would not be so.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, as has been stated by my Honourable friend, Sir Purshotamdas Thakurdas, any measure calculated to take away the control from the Secretary of State should only be welcomed by us. But the Bill as drafted at present and put before the House is very unsatisfactory in many ways and, therefore, whether the House should finally accept the scheme of the Reserve Bank or not would very much depend on its constitution and the provisions which may be made about the location and composition of the reserves, and also on the representation which Indians may receive in it. It has been stated in the Preamble that this Bill is to establish a gold standard currency for British India. I hope, Sir, that these words will not mislead this House. This Bill is calculated neither to give a gold standard nor a gold currency to India. Sir, if I am to understand properly the meaning of a gold standard, I think under the scheme of a gold standard the silver rupee ought to represent as a token coin a given amount of gold, but on reading the Bill carefully one can find very easily that under the Bill there is no fixing of any given amount of gold which the rupee will represent. As a matter of fact the buying and selling rates of gold by the Government will fluctuate to the extent of $2\frac{1}{2}$ per cent. Sir, the Government will sell gold at the rate of Rs. 21-10-10 only when the exchange is 1s. 5-13/16d. and will buy gold at the rate of Rs. 21-3-0 per tola only when exchange is 1s. 6d. That means that the price of gold itself, which is intended to be the standard of value, will fluctuate to the extent of $2\frac{1}{2}$ per cent. to the extent of 8 annas per tola.

The Honourable Sir Basil Blackett: Can the Honourable Member suggest any country where it is not true?

Mr. Ghanshyam Das Birla: I will suggest the case of England, Sir, where the selling price of gold by the Bank of England is 77s. 10 $\frac{1}{2}$ d. per standard ounce and the buying price 77s. 9d. per standard ounce. That means about half an anna per tola, whereas in India the difference will be about 8 annas a tola. Therefore it cannot be called a gold standard.

The Honourable Sir Basil Blackett was kind enough to tell us that the question of a gold currency will entirely depend on the will of the Indian Legislature. But I, Sir, challenge the statement. I want Sir Basil Blackett to enlighten us as to how under the gold bullion standard proposed under this Bill he would be able to introduce a gold currency in India at any time. I submit, Sir, that under the scheme of gold bullion standard as proposed under this Bill India can never get a gold currency even after 20, 30 or 40 years. In order to have a gold currency we must have a gold standard as proposed by the Honourable Sir Basil Blackett himself before the Currency Commission. I, Sir, fail to understand why

the Honourable the Finance Member, who submitted a scheme for a gold standard and a gold currency only a few months back before the Currency Commission, wants to go back on it, and after rejecting the same he himself wants to sing the praises of this new gold bullion standard. Sir, we had many defects in the past in our currency system, and if for nothing else, just to prevent future manipulations by the Government we must have nothing short of a gold standard and a gold currency. I hope that when this Bill comes up for proper consideration before the House it will consider the same in this light and will strongly press for a gold standard and a gold currency.

Then, Sir, with regard to the question of the ratio, I do not think that this is the proper time to discuss it, but I was very much interested to hear the remarks which fell from Sir Basil Blackett about the recent contraction of the currency. He, Sir, tried to justify the recent contraction of currency by saying that it was due to the fact that the rupee by itself came into the reserve of Government because it was not required in the currency. That is the conclusion at which he arrives; but may I ask, Sir, whether this contraction of currency was automatic or whether the Government effected this contraction in order to stabilise exchange at 1s. 6d. or in anticipation of the exchange going down below 1s. 5½d.? I hope, Sir, that Sir Basil Blackett will admit that this contraction was not automatic but was manipulated by the Government in order to stabilise exchange at 1s. 6d. or rather to prevent exchange from going down. Sir, if Sir Basil Blackett could contract a very huge amount of currency at a time when generally the season is at its busiest and when currency is specially required in the country, I do not know what he will have to do when the season is very dull after three or four months. If Sir Basil Blackett realizes his mistake and if for the same reason he wants to postpone the consideration of the question of ratio, then, Sir, I would welcome it, because I do not want Sir Basil Blackett to commit the same mistakes as were committed in the past by Sir Malcolm Hailey. Sir Malcolm Hailey who was then Finance Member could commit many such mistakes, but an expert like Sir Basil Blackett should be the last person to make such blunders.

Then, Sir, there is the question of the representation. As I read the Bill, Sir, I do not find sufficient provision in it about the representation of Indians on the Board and in the management. There is no guarantee, Sir, that this new Reserve Bank will not be ruled, will not be dominated, by a particular group of financiers or by a particular community. Therefore, I hope that when the proper time comes, the House will consider as to how best they can provide for proper representation of Indians and proper control of the Bank by Indians.

Then, Sir, there is the question of the location of the gold reserves and of their composition. If, Sir, an automatic expansion and an automatic contraction are to be provided for under this Bill, I hope that there will not be much necessity of keeping a large amount of reserves in any other countries than India. Similarly, having regard to the past experience which we have had of England being divorced from the gold standard, I hope that proper safeguards will be provided against any large investment of our gold in sterling securities or in any other securities except that of the Indian Government.

Regarding the Schedule of Banks, Sir, much has already been said by my Honourable friend, Sir Purshotamdas Thakurdas. I regret to find,

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Sir, that names have been included of banks which have very little connection with Indian industries or with Indian trade; for instance, I find the inclusion of Japanese banks and of French banks and also of such English banks as are not connected, directly or indirectly, with Indian trade. If, Sir, the new Reserve Bank is to act as a bankers' bank in the best interests of India, mainly for the benefit of Indian industries and trade, then we should see to it that more Indian banks are included in the Schedule, and those banks which have not much connection with Indian business and trade are excluded. I have got nothing more to say, Sir, on this point. I quite agree that this Bill should be circulated for opinion, and I hope that, when the proper time comes, the House will take into consideration all these points.

MOTION FOR ADJOURNMENT.

DESPATCH OF INDIAN TROOPS TO CHINA.

Mr. President: Order, order. I have received the following communication from His Excellency the Viceroy on Mr. Srinivasa Iyengar's motion for adjournment:

"In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Eduard Frederick Landley, Baron Trinn, hereby disallow the motion of Mr. S. Srinivasa Iyengar to move the adjournment of the House for the purpose of considering the action of the Government of India in agreeing to contribute a contingent including Indian troops to take part in the military operations in China, on the ground that it cannot be moved without detriment to the public interest."

(Sd) IRWIN,
Viceroy and Governor General."

As a result of this order, no discussion of this motion shall take place. The House now stands adjourned till Twenty-Five Minutes to Three of the Clock.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

Mr. President: The House will now resume consideration of the motion of Sir Basil Blackett on the Reserve Bank Bill.

Mr. Jammadas M. Mehta (Bombay City: Non-Muhammadian Urban): Sir, I support the motion for the circulation of this Bill. I wish the Finance Member had, at this stage at any rate, contented himself with having made a mere motion to that effect without adding a provocative speech to it; I am afraid he has a knack, happy or unhappy, of provoking unnecessary opposition when he might well avoid it. As he has gone into matters which are more or less controversial, I feel compelled to make a few observations on some of his statements. His first statement which I want to contradict is that anybody had been approached, at any rate on this

side of the House, who had told the Finance Member that we were willing that the discussion on the Currency Bill should be postponed till the Budget. This is, to quote Mr. Winston Churchill's well-known phrase, "a terminological inexactitude". It is wholly incorrect. So far as these Benches are concerned, nobody has given him to understand anything of the kind, and I am amazed that he should have made a statement like this without proper foundation.

The Honourable Sir Basil Blackett: I regret that my understanding is at fault.

Mr. Jamnadas M. Mehta: One of the misstatements is then withdrawn?

The Honourable Sir Basil Blackett: I have not withdrawn it; I said my understanding must have been at fault.

Mr. Jamnadas M. Mehta: It is clear from this that he, at least, is willing that the discussion should be postponed till the Budget and the reasons are quite obvious. He could present the Budget on the one hand on the basis of 1s. 6d. and the Bill on the other and will then say: "Gentlemen, here is the Budget which hangs on this Bill. You shall pass this or this Budget shall be a deficit Budget. You will have no provincial contributions remitted. You will have more taxation to undergo. Pass this Bill or this penalty will await you". It is this pistol aimed at the head of the Legislature in March next with which he hopes to compel the House to accept the 1s. 6d. ratio. I can assure him that the House will resent it. The House wants to judge this issue entirely on its own merits, not complicated in the manner he intends. It is therefore necessary that before Monday next he should announce the consideration stage, so that the House may have an early opportunity and ample time for discussing this most important and revolutionary measure,—I mean the Currency Bill.

Sir, coming to the present Bill, I find it is called the Gold Standard and Reserve Bank Bill. There is, however, as much of gold standard in this Bill as there is of self-government in the Government of India Act, which means there is neither self-government in the Government of India Act nor gold standard in this Bill. The gold standard, as he has expounded it to-day, is merely an expanded gold exchange standard. We were told that under the gold bullion standard there would be an obligation on the part of the currency authority to buy and sell gold; all that pretension is given up in the Currency Bill. The only thing that will be sold now will be gold exchange, so that even the recommendation of the Commission is now abandoned and gold will only be purchased; but gold will not be sold; gold exchange will only be sold, and gold exchange may mean anything, not necessarily gold. This sale of gold exchange on foreign countries is simply another way, and a more extended and more insidious, and therefore more mischievous, way of diverting India's gold outside India. Up till now the gold has been kept in London; we have been given instead a huge volume of the rupee token currency. All the gold has been kept in England. Then that gold has been invested in British securities, so that the Indian gold is really used for the purposes of London finances and not for the reserves of the Paper Currency or Gold Standard. If you read the weekly currency statements that are published in the Gazette, you will find there clearly stated week after week that "the gold in the gold standard branch amounted to rupees nil". That is because the gold is not there, but in place of gold there are gold securities; and if

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we pass this clause about the sale of gold exchange to foreign countries, our gold instead of being diverted to London alone as now will be also kept in France, Japan or New York, where it will be wanted for Britain to pay her debts, and the hope of India to get gold for her own reserves will vanish into remote futurity.

The Honourable Sir Basil Blackett: The Honourable Member makes so many misstatements that I would like him to explain some of them. Will he explain how the keeping of India's gold assets in New York will enable Britain to pay her debts?

Mr. Jamnadas M. Mehta: I say you are keeping our gold in the form of securities, not in gold. To that extent our gold goes into American hands. That is all.

The Honourable Sir Basil Blackett: Thank you.

Mr. Jamnadas M. Mehta: The author of the misstatements stands exposed. He had to admit that only five minutes ago.

I was trying to emphasize the fact that under this new system as proposed in the Bill, the gold reserves of India will be scattered all over the world, not merely in England, and this is the most objectionable feature of this Bill. The Honourable the Finance Member has repeatedly said to-day that the introduction of a gold currency has been delayed on account of the huge volume of the rupee token currency in circulation. Really speaking the immense amount of token currency is the result of the fact that gold belonging to India was never allowed to come to this country in payment of our balance of trade; it was insisted that payment should be made in rupees even in the time of the War when silver was so dear, and now we are made to realise that that is going to be one of the reasons why the gold currency is delayed. How far that sort of argument appeals to anybody I cannot understand. It really is adding insult to injury. At least it cannot appeal to any reasonable man.

Sir, I do not want to delay the House very much at this stage and I would not have done so except for some controversial statements which the Finance Member made. There is one more thing I wish to emphasize; I am not prepared at this stage to say whether it would be right to have a separate Reserve Bank or whether it would be desirable to develop the existing Imperial Bank into a Reserve or Central Bank. That would be naturally considered when we have received the opinions of the various interests that are concerned in this matter, but I would like to say that there should be no unnecessary duplication of institutions, and if what we want to be done through this Reserve Bank can be effectively done with the necessary changes by legislation through the machinery of the Imperial Bank, we should certainly like that that also should be considered; if it is found that that is hopeless and cannot be done, then only should a separate institution be started; otherwise the Imperial Bank will weaken the Reserve Bank and the Reserve Bank will weaken the Imperial Bank.

Then, Sir, another statement was made by the Finance Member, namely, that for the first time the rupee will, under this Bill, become a coin linked to gold. That statement, I say, is utterly unfounded, in fact the rupee has been always regarded, since 1898, as containing a particular amount of gold, that is 7.58 grains of gold. It has always been understood that the rupee contained 7.58 grains of gold and that has been the

basis of our currency legislation. The rupee was linked with gold since that time and it is not that this new legislation is going to link it for the first time. If the Finance Member will only refer to the speeches of his predecessors, such as Sir James Meston, he will find that that great authority has made that statement, and the Chamberlain Commission also has made the statement that the rupee was linked with gold, and I wonder that the Finance Member should come forward and say that he is now linking it with gold for the first time.

The Honourable Sir Basil Blackett: A thing may be linked without being completely linked.

Mr. Jamnadas M. Mehta: So that we are not getting any reform which we had not had. Sir, I hope that this Reserve Bank or Imperial Bank, or whatever the institution eventually is, will become a truly bankers' bank and will have a good policy for developing a re-discount market. The Finance Member will be glad to note the recommendation of two great authorities, Drs. Kemmerrer and Vissering to the South African Government. They made a report in which they said that the right method for developing a discount market was:

"that merchants should give preferential terms to purchasers who are willing to accept bills in lieu of obtaining credit on open accounts and that commercial banks should give rates that are more preferential than those now prevailing to merchants who obtain their advances from banks by discounting such bills as compared with merchants who borrow from banks on current account, namely, overdrafts or one-name promissory notes and that the Reserve Bank should give substantially preferential discount and rediscount rates on trade acceptances."

This is the kind of a discount market which I should like to see developed in this country through the machinery of a Reserve Bank, or similar institution.

Then I want to sound a note of warning before I finally close my observations. As my Honourable friend Mr. Birla pointed out, there is not going to be under this Bill any sale of gold as the rate at which gold will be sold will be so prohibitive that instead of buying gold it will pay merchants to sell gold when the Government are also selling gold, because the difference between the buying and the selling rates will be so great that when Government are willing to sell gold to merchants, they themselves will be willing to sell gold to Government; and, therefore, this provision about the sale of gold is going to remain a dead letter even if it is not an eye-wash.

Sir, I want to warn the House again that the provision in this Bill as also in the Currency Bill, that our gold may be invested in foreign securities and that the Government or the currency authority may sell gold exchange to foreign countries when necessary—this, as I said at the beginning, would dissipate our gold reserves. Take even a poor country like Germany to-day—I have the latest issue of the "Statist," dated 1st January 1927, in which the gold policy of the Reichs Bank is stated. Dr. Schacht, who is the greatest authority on banking in Germany, says that it is desirable to have the gold reserves kept in your own country and not have gold invested in securities. This is how the matter is stated:

"The Reichs Bank in general holds the view that its assets abroad should not exceed certain limits. Gold although it yields no interest is not liable to the risks to which investments abroad may under certain circumstances be exposed. In calculating gold cover, allowance may be made for the not inconsiderable circulation of coins with a large proportion of alloy. Further a gold cover has the psychological advantage that the general public clearly realises when the gold export point is reached."

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As I said before, Dr. Schacht is the greatest authority on German banking and his view is that it is better to have 'actual gold instead of gold securities. I hope that also will not be forgotten when we eventually pass the Bill.

The Honourable Sir Basil Blackett: Is there any difference between the German system and that proposed here? A certain proportion is to be kept in Germany and the rest in gold securities.

Mr. Jamnadas M. Mehta: We had in the past gold in the Gold Standard Reserve but you have seen to it that there is now as little gold as possible. That is the point I am making, that we should have a substantial proportion of gold in our reserves—a far more substantial proportion than in the past.

The Honourable Sir Basil Blackett: That is the proposal of the Bill, Sir.

Mr. Jamnadas M. Mehta: Well, Sir, if that is so, we will take it into account. I am simply warning you in view of the past history of the case. Even the Bank of England, in spite of all that is said to the contrary here, does not go in for innovations of having gold securities in other countries but keeps all its gold in its own country. Sir, I support this motion for circulation.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): Sir, the history of currency in this country has been a continuous tragedy. Every effort that has been made at every stage by Indian experts or by the leaders of Indian industry or commerce to get a proper redress has been circumvented by the Government and by the Finance Member in charge each time. I do not propose now at this stage to deal with the different stages of the ratio question in connection with this Bill. It is proposed that this measure should be circulated and it has been stated by the Honourable Member in charge of this Bill that it opens up a new era for this country. I hope that this opens up a new era, at least by the time it passes out of this House finally. As it stands, whether really there would be any such relief to the country, I have not been able to convince myself. But the establishment of a Central Bank with the object of removing the power from the Secretary of State in Council there and from the hands of the Finance Department here and locating it in a central bank if it should be an autonomous body by itself and if it should be a body which would control the currency and credit of the country, will be a welcome measure. I have been anxious to see whether the proposed institution of this Central Bank would at least free us from the danger of deflation and inflation and from the power which the Finance Minister and the Secretary of State in Council have been able to exercise and bring this country to ruin from time to time. While the Currency Commission, which was brought into existence for the purpose of knowing what is the proper ratio, was sitting and while the Currency Commission was still proposing to take evidence, the Finance Minister has been busy deflating

The Honourable Sir Basil Blackett: And inflating.

Mr. T. Prakasam: And what is the amount? In the month of April 1926—I think by that time, the deflation was by about 8 crores of rupees.

While this very question was in issue, while the Commission was sitting to inquire whether it is this ratio of 1s. 6d. or that ratio of 1s. 4d. that should be adopted by this country, this process of deflation has been going on. I will now read this short paragraph from the *Times of India* of the 4th December, 1926, which will tell the House what the process of this deflation has been and what the financial condition has been:

"4th December 1926: The Imperial Bank's statement shows a decrease in the cash balance of 331 lakhs; the trade demand is better by 102 lakhs, and Government and other securities held by the Bank, have declined by 110 lakhs. Government deposits show a decline of 349 lakhs and this is accounted for by a further deflation of 5.33 crores carried out by Government last week. 4 crores of this deflation has been carried out against withdrawal of sterling securities in London and the balance of 132 lakhs by cancellation of *ad hoc* securities in India. The total deflation since the beginning of the financial year now amounts to 24.84 crores, of which 19 crores is against withdrawal of sterling securities and 5.84 crores against cancellation of *ad hoc* rupee securities. This reduces the sterling securities held in London for the Currency Department to 9.99 crores. It is considered that it will not be many weeks before the balance of 9.99 crores disappears if the present policy of deflation continues."

Well, Sir, if we could be saved at least from this power which this department could exercise in this manner, that will be the greatest thing with regard to this measure when it passes this House. The

3 P.M. Central Bank, I presume, from the imperfect knowledge that I have of the different parts of the world must be an autonomous body. If the Central Bank proposed by this measure will be such a body, which will exercise complete control over currency and credit, unhampered by the Secretary of State or the Finance Department here, and if the Central Bank is so constituted with regard to the management, constitution of the Board and other matters as to guarantee the interests of this country, certainly, Sir, this will be a measure which we should all welcome and which we should support.

I have gone through this Bill that has been placed before us and before the country for circulation. In Chapter II, share capital is proposed. What I have been feeling I am trying to place before this House at present. This Central Bank under the present conditions of the country I feel must be one that would not have any share capital at all. There should be no shareholders. It must be an institution which should be financed from our own finances and that should be made an independent body. Then clause 10 lays down that the Governor or Deputy Governor of the Board could be removed by the Governor General in Council. Well, that power should not be in that form. And in Chapter III, clause 18, there is a proviso which gives the power to the Governor General to take away whatever may have been granted in the previous portions of the Bill. The proviso is as follows: (The Bank to have the right to transact Government business)

"Provided that nothing in this sub-section shall prevent the Governor General in Council from carrying on money transactions at Government treasuries or sub-treasuries at places where the Bank has no branches or agencies, and the Governor General in Council may hold at such treasuries and sub-treasuries such balances as he may require."

Certainly if this proviso is to be effective, whatever powers may have been given to the Central Bank in the other clauses will become nugatory whenever this power could be exercised by the Governor General in Council and by the propounder of this Bill to-day in this House. As regards the obligations to sell in gold, clause 85 deals with these obligations. I would submit to this House that the obligation to buy and sell must be regulated

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in such a manner that gold is bought and sold in India only. As regards the location of our reserve fund, I should say that the whole of it must be only in India. If all these points are embodied in this and if we modify the measure finally in such a manner as would give the Central Bank or the Reserve Banks a proper management and a proper power which will protect the interests of Indian commerce and Indian industry, I should say that there would be some good done to this country. Otherwise, if the Bill should pass in the form in which it has been presented here, it will be another camouflage similar to the other measures that have been introduced and that have been given effect to in the same manner whatever may have been the form or the language in which they had appeared.

Mr. R. K. Shanmukham Ochetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Sir, I must confess I did not expect that at this stage of the Bill we would hear the very interesting speech that the Honourable the Finance Member delivered to us this morning. I am glad, he has confessed that at least on one point he has been misled

The Honourable Sir Basil Blackett: What point is that?

Mr. R. K. Shanmukham Ochetty: Just wait a minute,—and that is about the wishes of the various sections of this House as to the exact time when they would like to have the Currency Bill discussed. It is usual to ascertain the opinion of the various sections of the House by personal talks, either with the leaders or the Secretaries or the Whips of the various parties concerned. So far as we are concerned, Sir, none of these officers in our party have been consulted, and from what my Honourable friend Sir Purshotamdas has said, and from what I have heard from other friends, none of them have been consulted on this matter, and yet, the Honourable the Finance Member had the courage to say he understood from the various sections of the House

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Did he say 'of the House'?

Mr. R. K. Shanmukham Ochetty: Yes.

Sir Walter Willson: I do not remember it.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): When were the office bearers of your Party elected?

Mr. President: Order, order. The Honourable the Finance Member can take care of himself.

Mr. R. K. Shanmukham Ochetty: He said that he had reason to think that the various sections of the House would like the Currency Bill to be discussed at the time of the Budget. I am glad that the Honourable the Finance Member has confessed that he has been misled somehow or other in this matter.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): He stands exposed.

Mr. Jamnadas M. Mehta: He misled.

Mr. R. K. Shanmukham Ochetty: He has stood exposed for the last three years and that is no new position for him.

Sir, the main principles of this Bill are to introduce a modified form of gold standard in this country and to co-ordinate the currency and credit

policy of the country I wholeheartedly support these principles underlying this Bill. But unfortunately, the gold standard that is sought to be introduced by this measure is one which it is difficult for even experts to thoroughly grasp. From the trouble that the Honourable the Finance Member had in taking out a rupee coin from his pocket and in trying to explain what it will mean in future we can gather some idea of the complications underlying the new gold bullion standard. In paragraph 22 of their Report the Royal Commission have made the following observations:

"Certainty and simplicity have been lacking (in the present system); and for a system of currency under Indian conditions and for the Indian people these two last qualities are as vitally necessary as the first. Without certainty and simplicity in the system, there will never in India be confidence in the stability of the currency, and without confidence in the stability of the currency, the uninstructed public will never be weaned from those uneconomic habits of hoarding and that disinclination to investment which are now the worst obstacles to the progress of the nation."

Sir, having made the statement that simplicity is very necessary especially in Indian conditions the Currency Commission proceeded to advocate a policy which is far from simple. So far as the obligation to purchase gold is concerned it does not differ from the present statutory obligation imposed upon the Government. Even under the present law Government are bound to take sovereigns and half-sovereigns at a particular price and the effect of the new system will be to re-enact this obligation on the part of the Government in a more stringent form; because in future the Government will only be obliged to purchase gold in a quantity not less than 400 ozs. in weight. So far as the obligation to purchase gold is concerned, it does not therefore differ from the existing statutory obligation that is imposed upon the Government. What the people of India would like to see is a simple and honest gold standard if I might use such a term. I recognise, Sir, that it may not be possible immediately to achieve this aim and introduce a simple gold standard in this country. But I do not see what obstacle there might be for the Government either to give an undertaking or to make a provision in the Bill that within a certain fixed period this form of gold standard will be brought into existence. I was surprised to hear the Honourable the Finance Member saying that the fixation of such a period would indefinitely retard the achievement of a pure gold standard in India. I for my part must confess that I cannot understand this statement of the Honourable Member.

The Honourable Sir Basil Blackett: I am being misquoted so frequently that I must apologise if I intervene to correct the Honourable Member. I said "it might even retard" not "would indefinitely retard".

Mr. R. K. Shanmukham Chetty: I am prepared to accept the amendment of the Honourable the Finance Member. May I ask what grounds he has to suspect that the fixation of a period like that might even retard the realisation of a full gold standard in this country? So far as I can see, if a provision of that kind is introduced in this Bill it will impose either on the Government or upon the Reserve Bank that will come into existence an obligation to build up its gold resources so as to be able in the fixed period to issue gold in any quantity and form that the public want; and I cannot understand how such a provision will have the tendency to retard the realisation of the object that we have got in view.

The policy that has been recently pursued by the Honourable the Finance Member will indefinitely postpone the realisation of a simple gold standard in this country. As a result of the deflation policy which he has been

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pursuing during the current financial year our gold securities have been reduced by about Rs. 28 crores and contraction of the volume of currency has been brought about. My Honourable friend in his speech attempted to give an explanation of that policy. That explanation was this. To his dismay he found Rs. 20 crores coming into the Paper Currency Reserve and this he thought was evidence of artificial inflation and his policy was simply to neutralise this artificial inflation. May I ask the Honourable the Finance Member what basis he has got to assume that this Rs. 20 crores has come from the hoards and not from the actual rupees in circulation? We know that we have got two kinds of currency circulating in the land, rupees and notes. And, so far as rupees are concerned, we know that a certain amount of rupees are in active circulation and a certain amount is in hoards. Now, what is there for the Honourable the Finance Member to presume that this Rs. 20 crores came from hoards and not from the rupees that are in active circulation? I maintain that the Rs. 20 crores came from rupees in active circulation and to that extent the number of rupees in circulation has been reduced and, if this assumption is correct, there cannot be any justification for the deflation policy that he has been pursuing. Sir, the explanation for his policy is not far to seek. The tendency is towards an exchange below 18*d*. The Honourable the Finance Member wants to maintain exchange at 18*d*. at any cost. During the last year there has been a steady decrease in gold prices in the world. Does the Honourable Member deny that, Sir? He is shaking his head and I do not know . . .

The Honourable Sir Basil Blackett: Will the Honourable Member repeat his statement?

Mr. R. K. Shanmukham Chetty: During the last year there has been a steady fall in the gold prices in the world and that is the statement that I make deliberately, and I challenge the Honourable the Finance Member to dispute that statement. I am prepared to prove it if he challenges it.

The Honourable Sir Basil Blackett: May I ask the Honourable Member to explain why the index number of prices in the United Kingdom, according to the Board of Trade, was 152.1 in December, 1925, and 152.1 in October, 1926. There has been a steady fall in prices!

Mr. R. K. Shanmukham Chetty: May I ask the Honourable Member to explain this. According to the statistics of the United States Bureau of Labour the index number in January 1926 was 156; in February 155; March, April and May about 151.5; July 150.7; August 149.2. Those are the figures I have got and these figures were taken from the index figures of the United States Bureau of Labour.

The Honourable Sir Basil Blackett: Will the Honourable Member go on to the next month?

Mr. R. K. Shanmukham Chetty: The next month is 150. (Laughter.) There is not much difference between 149.2 and 150. If the Honourable Member is to gloat over this difference of 8 points I can only sympathise with his knowledge of price movements. Sir, there has been a steady decline in the gold prices in the world during the current year.

The Honourable Sir Basil Blackett: I deny it.

Mr. R. K. Shanmukham Chetty: I maintain it. The fall in gold prices would be neutralised either by rupee prices falling or by rupee prices remaining the same and exchange falling. The Finance Member wants to prejudge the whole issue by attempting to keep exchange at a certain level and bringing about a fall in internal prices by deflation of our currency. The Honourable Member who ever since he came to India has been singing the praise of the stability of internal level of prices is now deflating the currency and bringing down the level of prices with a view to keep up his pet theory of an 18d. ratio to the rupee. That is the only explanation that can be given for the artificial deflation that he has been bringing about and there is no use his trying to say that the policy of deflation is the result of neutralising the artificial inflation that has been brought about by the coming out of 20 crores of rupees to his dismay. So much for the policy that he has been pursuing. So much for the dissipation of the gold resources and thereby indefinitely postponing the realisation of a simple gold standard in the country.

So far as the constitution of the Reserve Bank is concerned, I wholeheartedly welcome the proposal in so far as it aims at co-ordinating the currency and the credit policies of the country. And in making this statement I must take leave very diffidently to differ from my Honourable colleague Sir Purshotamdas Thakurdas. I think, Sir, that, if we are to place our currency policy on a scientific basis, there must be a co-ordination of currency and credit policies in one hand, and, for obvious reasons, that cannot be placed in the hands of any Government, even the Government of India. My Honourable friend Sir Purshotamdas Thakurdas thought that the remedy lay in transferring the control from Whitehall to the hands of the officials of the Government of India. I for one am not prepared to accede to any such step. The control of the currency and credit policy cannot be placed in the hands of a Government. It is best for all concerned that it should be placed in the hands of an independent bank. (*An Honourable Member: "Swarajist"*) That will be the ideal. Unfortunately the history of currency in this country has brought to the forefront this fact, that the interests of India as understood by Indians are very different from the interests of India as understood by the European community. I would therefore impress the necessity for making ample provision to entrust the control of the Reserve Bank to Indian hands, people who know the interests of India best. Safeguards must also be made for the composition and location of the reserves of the Bank. It has always been our complaint that the free inflow of gold into India has been artificially stopped by the action of the Secretary of State in purchasing sterling beyond his actual requirements. If a Reserve Bank is to be given unlimited freedom to locate its reserves in any country in any form that it pleases, it would still be possible for the Bank to prohibit the free inflow of gold into India. Ample provision must therefore be made to define the composition and location of the reserves of the Bank, and in this particular matter I for one must emphatically protest against the proposal to allow the Bank to keep its reserves in foreign countries as well. I would not go to the extent of my friend Mr. Jamnadas Mehta in saying that it would enable the British Government to pay off its debts in times of crisis, but I would maintain, that the placing of our reserves in foreign countries would expose our reserves to serious risks in times of international crisis as war, and I do not want that the slender resources of our country should be exposed to

[Mr. R. K. Shanmukham Chetty.]

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The Honourable Sir Basil Blackett: I deny it.

Mr. R. K. Shanmukham Chetty: I maintain it. The fall in gold prices would be neutralised either by rupee prices falling or by rupee prices remaining the same and exchange falling. The Finance Member wants to prejudge the whole issue by attempting to keep exchange at a certain level and bringing about a fall in internal prices by deflation of our currency. The Honourable Member who ever since he came to India has been singing the praise of the stability of internal level of prices is now deflating the currency and bringing down the level of prices with a view to keep up his pet theory of an 18d. ratio to the rupee. That is the only explanation that can be given for the artificial deflation that he has been bringing about and there is no use his trying to say that the policy of deflation is the result of neutralising the artificial inflation that has been brought about by the coming out of 20 crores of rupees to his dismay. So much for the policy that he has been pursuing. So much for the dissipation of the gold resources and thereby indefinitely postponing the realisation of a simple gold standard in the country.

So far as the constitution of the Reserve Bank is concerned, I wholeheartedly welcome the proposal in so far as it aims at co-ordinating the currency and the credit policies of the country. And in making this statement I must take leave very diffidently to differ from my Honourable colleague Sir Purshotamdas Thakurdas. I think, Sir, that, if we are to place our currency policy on a scientific basis, there must be a co-ordination of currency and credit policies in one hand, and, for obvious reasons, that cannot be placed in the hands of any Government, even the Government of India. My Honourable friend Sir Purshotamdas Thakurdas thought that the remedy lay in transferring the control from Whitehall to the hands of the officials of the Government of India. I for one am not prepared to accede to any such step. The control of the currency and credit policy cannot be placed in the hands of a Government. It is best for all concerned that it should be placed in the hands of an independent bank. (*An Honourable Member: "Svarajist"*) That will be the ideal. Unfortunately the history of currency in this country has brought to the forefront this fact, that the interests of India as understood by Indians are very different from the interests of India as understood by the European community. I would therefore impress the necessity for making ample provision to entrust the control of the Reserve Bank to Indian hands, people who know the interests of India best. Safeguards must also be made for the composition and location of the reserves of the Bank. It has always been our complaint that the free inflow of gold into India has been artificially stopped by the action of the Secretary of State in purchasing sterling beyond his actual requirements. If a Reserve Bank is to be given unlimited freedom to locate its reserves in any country in any form that it pleases, it would still be possible for the Bank to prohibit the free inflow of gold into India. Ample provision must therefore be made to define the composition and location of the reserves of the Bank, and in this particular matter I for one must emphatically protest against the proposal to allow the Bank to keep its reserves in foreign countries as well. I would not go to the extent of my friend Mr. Jamnadas Mehta in saying that it would enable the British Government to pay off its debts in times of crisis, but I would maintain, that the placing of our reserves in foreign countries would expose our reserves to serious risks in times of international crisis as war, and I do not want that the slender resources of our country should be exposed to

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those risks. I hope that when the time comes the public at large and this House will suggest suitable modifications and amendments to ensure these safeguards. With these observations I support the proposition of the Honourable the Finance Member.

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muham-madan Rural): Sir, when I entered this hall I had no desire to take part in the deliberations to-day on a Bill which was going for circulation for eliciting opinions thereon. But one remark of the Honourable the Finance Member has come to those of us who have read his speeches carefully, which I shall refer to presently, with a considerable amount of surprise. His remark that the Currency Bills will be discussed after the Budget is introduced amounts to nothing more than the strengthening of the rumour that there is no sincerity on the part of Government regarding the exchange ratio. I shall presently read some of the paragraphs of his speeches to convince this House of the anxiety of the Honourable the Finance Member to deal with this question in an atmosphere of calm deliberation. I shall read to you, Sir, the speech of the Honourable Sir Basil Blackett, before the Delhi University on the 23rd November, 1926, on the Report of the Indian Currency Commission:

"My anxiety throughout has been that the Commission's recommendations should be studied and weighed in an atmosphere of calm deliberation, and that contention or at least contentiousness should be avoided. India is deeply interested in right conclusions being reached, and putting into operation a spirit of controversy not only prejudices judgment but also involves the risk that we may lose the whole of the great benefits which are I believe capable of being derived from the Commission's Report."

I shall read, Sir, a similar paragraph from his speech at Cawnpore on the 4th December, 1926:

"My dearest wish is that the Commission's proposals may be as widely understood as their importance deserves."

I shall read another speech of his at Lahore:

"It is most desirable that its meaning and purpose should be fully explained to the Indian public, so that the discussion of it in the Legislature may proceed in the light of as complete an understanding as is possible. The desire of the Government of India is that the action finally taken shall be taken after a most thorough examination of their proposals by the public and"

—I may draw the attention of the House to this—

"the fullest consultation with the Legislature."

I, Sir, share with him in that anxiety that he will give us the fullest opportunity to discuss this question and not cloud the issue, namely, by bringing the discussion on the Currency Bills after the Budget is introduced. We are here, Sir, to be convinced by the Honourable Finance Member about the exchange ratio which he has advocated all along, and he has taken one departure which I welcome, namely, of giving expression to opinions outside this House, though the practice was all along that as long as the Honourable Members of the Executive Council remained as such, they never ventilated their opinions outside the House. It is a very welcome move and I hope, Sir, it will be allowed to be continued. As regards the Bill, Sir, I do not wish to say anything at present but I

shall appeal to the Honourable the Finance Member that, if he wishes us to give full consideration to the Currency Bills which are at present coming up for discussion, he will bring them up as soon as possible.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, I desire only to say a few words in regard to two points that struck me as necessary to be considered in connection with the circulation of this Bill. The Honourable Sir Basil Blackett referred to the new standard that is going to be established in this country as a gold standard, and he also referred to the terms in which rupees will be valued hereafter. He contended, Sir, that we ought by this process to arrive at the stage in which gold should cease to be in actual circulation in this country, and that we should go only by a method of valuation in terms of gold by a process of offering to buy and sell gold through the Central Bank at a fixed rate. I am not sure, Sir, whether this proposal is one which could be immediately adopted in this country with safety, and that is the reason, Sir, why all along publicists in this country have insisted that we should not only have gold bullion standard but an actual gold standard with a gold coin in actual circulation. The theory that you can have a gold standard without gold being in actual circulation is all right, but it has to be recollected that even in England the idea that gold could be actually absent from circulation was only adopted in the year of grace 1925, and the point is still not free from controversy. The Honourable Sir Basil Blackett quoted an American authority to say that this is an ideal state of things. It may be ideal, Sir, but I think it is not a practical state of things in which we could easily find this country to be for some years to come. On the other hand, I can quote him another well known American authority who says that the theory that gold ought not return to general circulation but ought to be kept in great reserves where it would be instantly subject to the control of organised Banking or public treasuries as a basis for credit, is thoroughly unsound. Because under normal conditions, as he points out, in a gold standard country, people will be seeing and handling a substantial amount of the actual yellow metal. They will respect their paper money more if they know that it actually represents gold and that gold can be got for it, instantly and without difficulty. The presence of a substantial amount of gold in general circulation has a splendid psychological effect and is a very important factor in combating money heresies. The ordinary man thinks—and I think the man in India thinks particularly—in very simple terms, and, as my friend Mr. Shanmukham Chetty said, he wants to have his currency on a simple and easily understandable basis, but he is quite capable of understanding the true theory of paper money only if that theory is emphasised in his daily practice. The true theory of paper money is, as this authority points out, that a piece of paper money is a demand promissory note, a promise to pay real money—gold—on demand. If the ordinary man has in his own practice an opportunity to test this principle, to present paper money for redemption, and to have it redeemed, to get gold when he wants it, and to turn in gold for paper when it is more convenient to use the paper, he is not easily misled by fiat money propagandists.

Sir, what I want to know is whether it is the Government's intention to withdraw currency notes in their present form, which says "I promise to pay so and so Rs. 5" and substitute in its place the form which is put

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down in the Currency Commission's Report which does not indicate any such promise. I say, Sir, that this is a proposal which ought to be very carefully considered because of its psychological effect on people of this country. That is a matter, Sir, on which, I think, the Government should inquire fully and obtain the opinions of Local Governments and of representative bodies in the several Provinces. Then, the idea that all gold should be stocked in the reserves and that gold should not actually circulate is also, I think, fallacious, because the feeling that gold is in actual circulation will, as the authority I quoted puts it, have a great psychological effect, and I think it would be unwise in this view to say that a mere gold bullion standard is a proper standard to maintain in this country. Therefore, whether we have got to go through the transitory process of having a gold bullion standard before having a gold standard or not, it seems to me essential that we should now declare it to be the settled policy of this Government that the Act we now put into operation and the central banking authority that we now set up are out to establish early a gold currency in actual circulation and operate the reserves in their hands for that purpose.

As regards the constitution of the Central Bank, I agree with my friend Mr. Prakasam that there is a great deal to be looked into before we can accept the constitution as it is detailed in this Bill. We feel, Sir, that it must be in a very true sense "Swarajist" in the sense that it is self-governing, that it is not controlled by foreign capitalist interests, that it is essentially controlled by interests that are Indian and national and that the Indian Government should, as far as possible, not seek to put itself in the position of being dictated to from Whitehall on this matter. Therefore, as regards the constitution, I say we have every right to reserve our opinion to see that this institution is made truly and typically Indian. These are the remarks that I wanted to make on this question.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, at this stage I wish to make a few remarks on only two points. One point that I want to refer to is the omission of an important class of banks from the list given in the Schedule, I mean the Central Co-operative Banks which exist now in most of the provinces. These banks, from the point of view of the common people, are as important as several other banks mentioned in the list given in the First Schedule. I therefore hope that the public will insist, when the Bill is circulated among them for opinion, that these banks are given the status which they deserve along with the other banks mentioned in this list.

The second point on which I wish to say a word is the constitution of the Reserve Bank. I agree with the Honourable Member from Madras that there should be no share capital for the Reserve Bank. Government are quite rich enough for the capital required for the Reserve Bank. If the control of the nation's currency is to be left to anybody, it should be a body representative of the whole people and not a body representing a few shareholders. If the Government insist, and if the people approve of their doing so, that the control of the currency should be in the hands of a shareholders' bank, may I suggest that the amount of such share of the Reserve Bank should be a very small one. I would

not put it at more than Re. 1. I would also make it a condition that no man should be given more than one share. I hope that the Government will take my points into consideration, and I also hope that the public will insist upon the two points being considered very seriously as regards this Bill.

Mr. M. A. Jinnah: Sir, I do not wish, so far as the provisions of this Bill are concerned, to take part in the debate and make any startling suggestion or even reasonable suggestion at the present moment, for the simple reason that when a motion is moved for the circulation of a Bill, I believe this is the first time that I know that a debate of this character has taken place. (*Several Honourable Members:* "No, no.") If the Honourable Members will permit me, I will say that I do not remember a single occasion when a motion that a Bill be circulated was moved, that the principles of the Bill were discussed. I do not remember it.

Now, I am not committed in the least degree to the principles of this Bill, and I am not asked to commit myself to the principle of this Bill to-day. All that the Honourable Member wants is that this Bill be circulated for opinion, but the Honourable Member set the example—a very noble example it may be—he set the example of making a very long statement. And, Sir, listening to that long and very interesting statement, I found that the only point of any importance in that statement was that the Bill further to amend the Indian Coinage Act of 1906 and the Indian Paper Currency Act of 1923 for certain purposes would be considered along with the Budget. Sir, I do ask the Honourable Member, is he really serious about it? Does he not realise that a worse possible course the Government cannot follow than the one that he suggested. Sir, when my Honourable friend, Sir Purshotamdas asked the Honourable Member, "When will you take up that Bill?", he said that question might well be addressed to the Leader of the House. And within a very short time he gave us the information that the intention of the Government was to take up that Bill along with the Budget. I wonder whether he had in the meantime obtained the permission of the Leader of the House to make that statement.

The Honourable Sir Basil Blackett: Yes, Sir.

Mr. M. A. Jinnah: He did. I thought so, Sir: he is a very loyal follower of his Leader. I do ask the Honourable Member not to regard the Members of this House as children. He knew perfectly well that he was going to make that statement: he knew perfectly well that what he wanted was to put the House on the horns of a dilemma. "I have got the Budget, I have prepared my Budget on the basis of one and six pence; if you change the ratio now, see what the consequences will be." Is that what he wanted us to deal with? Sir, I would like to use much stronger language, but I say that it will be a breach of faith with this House, for this reason that in August the Honourable Member speaking on behalf of the Government of India urged that this was a matter which could not brook delay. He was anxious that that measure should be discussed in the August Session. Sir, we pleaded with folded hands and on our knees that we had not yet received a copy of the recommendations of the Commission. We had not received the evidence, we had not received the papers and we pleaded with him. The Honourable Member

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said "I cannot help that; what can I do? The urgency of this measure is such that we must proceed." It was after great pressure from a considerable section of the House that he himself realised that it would be impossible to do justice to that subject and eventually the Government themselves agreed that it should stand adjourned. And then we understood clearly that this measure would be taken up at the earliest possible moment when the Assembly met, but now we are told that it will be considered along with the Budget.

An Honourable Member: After the introduction of the Budget.

Mr. M. A. Jinnah: After the introduction of the Budget, quite so; and we know when the Budget is introduced—practically at the fag end of the Session. We know that after the Budget is introduced there is very little time; so it means practically the same thing as that it will be considered along with the Budget. Sir, I know I have no power and therefore I cannot indulge in any threats, but I say again that it will be in the highest degree an act of breach of faith on the part of Government to put this House in that difficult position, and I do therefore wish expressly to appeal to you not to adopt that course but to bring this Bill at the earliest possible moment before the House.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I agree with the Honourable the Home Member—I mean the Finance Member—that the measure before us is one of the most important measures ever introduced into this House, and I hope the discussion which has taken place will have impressed that importance upon every Member of this House. The Bill is important in many ways. The three Bills taken together deal with questions which vitally affect the people of this country, but the Bill which is now before us has been presented to us in a form which specially enhances its importance. Of the three Bills, that which relates to the fixing of the ratio is not now before us for discussion, but I wish to join with my friends in requesting the Honourable the Home Member—I mean the Finance Member—to fix an early date for the discussion of that Bill. He showed from his speech made at the commencement of the debate to-day that he had some regard for the opinion of this House when he told the House that he understood, as he thought, that the sense of the House was in favour of the postponement of the discussion on the measure until after the introduction of the Budget. By saying so he clearly gave the House reason to believe that he respected and wished to respect the opinion of this House. Therefore, now that that opinion has been expressed here in very clear terms . . .

The Honourable Sir Basil Blackett: Has it?

Pandit Madan Mohan Malaviya: Has it not?

An Honourable Member: If you like we shall move an adjournment on that.

Pandit Madan Mohan Malaviya: I do not think that after hearing the speeches which have been made here the Honourable the Finance Member could be left in any doubt that there is a strong feeling in this House that the discussion of the question of the ratio should not be postponed till after the introduction of the Budget. After what has been said it will be inexcusable for me to take up the time of the House by dwelling further on that aspect of the question. I hope that the Honourable the Finance Member

will not be guilty of a discourtesy to this House by not acceding to a request which has been made from so many quarters of this House.

Coming now to the Bill before us, I regret I have to differ from my Honourable friend Mr. Jinnah in his view as to whether a discussion of the principle of the Bill should take place at this stage. When a Bill of importance is introduced, the principle or principles of the Bill must be discussed before a motion for a circulation of the Bill is carried out. The country expects that those of us who have been elected to represent the people and to watch over their interests will study the measures that are introduced in this Council and give such a lead, such an indication of our opinion to the country, as may help the people to understand those measures and to discuss them. Now here is a measure of very great importance. It is a mixture of curious quality. It is a Bill at once to establish a gold standard currency for British India and to constitute a Reserve Bank of India. It is unfortunately couched in language which is open to the charge of being calculated to mislead. It is a question whether a Bill to establish a gold standard currency for British India and one to constitute a Reserve Bank of India should be mixed up. I ask the Honourable the Finance Member to consider the importance of the question of banking apart from the question of the gold standard currency. The importance of a gold standard with a gold currency is sufficiently great to require to be dealt with in a separate measure. Taking up first the question of the gold standard currency, I wish the Preamble had read:

"Whereas it is expedient to provide for the establishment of a gold standard with a gold currency for British India",

and that it had stopped there. There should then have been a separate Bill to deal with the question of a State Bank or a Central Bank or a Reserve Bank and of the whole system of banking for India. I am sorry to find, Sir, that in the year of grace 1927 we are still debating the question of a gold standard in this country. Japan which was very far backward in 1872, started with a gold standard in that year. It has developed its system of banking enormously. It has prospered wonderfully. Here in India though the question has often been taken up it has not yet been decided. When in 1893 it was decided to close the mints to the free coinage of silver, it was done distinctly with the object of introducing a gold standard in India. Five years later the Fowler Committee was appointed in 1898, to consider and report on "the proposals of the Government of India". . . . to give effect to the policy which "had for its declared object the establishment of a gold standard in India". The Fowler Committee, "looking forward . . . to the effective establishment in India of a gold standard and currency based on the principles of the free inflow and outflow of gold," recommended that:

"(1) The Indian Mints should continue closed to the unrestricted coinage of silver and should be opened to the unrestricted coinage of gold;

(2) The sovereign should be made legal tender and a current coin;

(3) The ratio between the rupee and the pound sterling should be Rs. 15- to the pound,—that is, the exchange value of the rupee should be *as. 4d.*;

(4) No legal obligation to give gold for rupees for merely internal purposes should be accepted; but

(5) The profit on the coinage of rupee should be held in gold as a special reserve and made freely available for foreign remittances whenever exchange fell below gold specie point;

(6) The Government should continue to give rupees for gold, but fresh rupees should not be coined until the proportion of gold in the currency was found to exceed the requirements of the public."

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How very valuable were these recommendations as they are even to-day; I do not wish to repeat here the whole history of this question of a gold standard and currency. It is available to every Member of this House in the excellent minute of dissent written by my Honourable friend Sir Purshotunddas Thakurdas. But I wish to draw attention to the important fact that these decisions were arrived at by a Committee appointed by His Majesty's Government so far back as 1898, and that on the 31st of July 1909, the Viceroy telegraphed to the Secretary of State that the Government of India were preparing for the coinage of gold. How inexpressibly sad it is that the scheme has not been carried out during all these years. But what is sadder is this. Until the last Royal Commission sat and carried on its deliberations, the question of the introduction of a gold standard with a gold currency was not complicated by being mixed up with the question of a Central Bank for India. All previous discussions dealt only with the question of the introduction of a gold standard with a gold currency. So far as I am aware this is the first time that two important schemes have been mixed up in the way in which they have been, and that has placed us at a disadvantage in discussing them. We have first to consider whether the recommendations of the Currency Commission on the question of the introduction of a gold standard with a gold currency should be accepted by this House or not, whether they are sound or unsound. We have in the report of the Commission and in the evidence taken by it enough material to discuss and decide the question. The Finance Department of the Government of India submitted a scheme to the Commission for a gold standard with a gold currency for India. The Honourable the Finance Member himself gave evidence before the Commission in support of that scheme. It is unfortunate that he changed his opinion later on.

The Honourable Sir Basil Blackett: I have not changed my opinion, Sir.

Pandit Madan Mohan Malaviya: I am very glad and thankful to note that. I hope that you still adhere to the scheme for a gold standard with a gold currency for India.

The Honourable Sir Basil Blackett: I still adhere to my evidence.

Pandit Madan Mohan Malaviya: Very well. I see that I was giving my friend greater credit than he is willing to take. Now, Sir, the scheme that was placed before the Commission on behalf of the Government of India supports the demand of the educated Indians, of the representatives of the people, that a gold standard, a true and effective gold standard with a gold currency in circulation should be introduced in India. The Commission have given us their reasons, why they rejected that scheme. It is up to us to examine those reasons and to discuss them and to come to a conclusion. That is the great question that is now before this Assembly. I do not think that any other question should be mixed up with it; and if that is to be the point for consideration, apart from the question of a Central or a Reserve Bank, I ask the Honourable the Finance Member and the House to consider what is the right course for us to follow. There are two important questions: one is that of the ratio—whether it should be 16*d*. or 18*d*.—and the other the larger question whether we are going to have a true and effective gold standard with gold currency. The whole history of the last twenty-eight years is full of instruction for us as to what we should do in this direction; and I submit

that while we should see that the ratio should be fixed at the correct figure, we should also see that the larger question of the establishment of a gold standard with a gold currency should be taken up and decided now. I think it has been a crime against the Indian people that this has been so long delayed. Who can say how much of injury India has suffered monetarily and otherwise by this question not having been taken up and settled so long? India has lost every day during the last 28 years. It has lost enormously. It is losing and it will continue to lose a great deal until this question is correctly decided. Is there any country in the world of the magnitude of India, with the magnitude of its import and export trade, which has suffered so much on account of exchange as India has suffered? There is none. And if you are now going to deal with this question of currency, are you not bound in duty to the people of India to adopt the right course, to adopt the right scheme in order that this loss should cease and the people of India should have a chance of becoming prosperous? I submit that this question ought to be taken up by itself, as the most momentous question that can be taken up by this House. The Honourable the Finance Member is unquestionably one of the ablest financial experts that India has known. This year is the last year of his office. I appeal to him to give to India the benefit of his entire ability and wisdom in solving it correctly. (The Honourable the Finance Member here held up a copy of the Bill.) I shall be sorry to think that that is all that the Honourable Member can offer. I hope the Honourable Member has something more than that to offer, and I hope that he will endeavour to give us something better than what he has placed before this House in this Bill. But, Sir, if the Finance Member will not help us, I hope the House will help itself, and see that the question which most vitally affects the people is fully discussed and rightly decided. The question now before the House is: What are the reasons which have been advanced by the Currency Commission for rejecting the scheme which was put forward by the Government of India? If those reasons commend themselves to this House, we must accept the proposals of the Commission. But if on being examined, those reasons are found to be untenable, if we can point out where they have erred, how many assumptions they have made which should not have been made, how the difficulties mentioned by them can be overcome, I am sure we shall be satisfied in not accepting their proposals. The matter deserves to be most carefully examined. And that is what I ask this House to do. I am glad this Bill is going out in circulation for eliciting opinions. Let it be circulated. I hope every Member of this House and everyone interested in the proper solution of this question will note the incongruity and complexity which has been introduced in the Bill by two matters of great importance being mixed up. My request to the House is to use all its influence—what little influence it has—to see that at this critical juncture the question of the introduction of an effective gold standard with a gold currency is considered, that this opportunity also is not lost. If we adopt the recommendations of the Commission, I agree with my Honourable friend Mr. Ghanshyam Das Birla—whom I cordially congratulate on his excellent maiden speech in this House—I entirely agree with him that for many many years to come we shall not have a gold standard, and it will be a great national calamity if we do not have it. I hope therefore that every Member of this House will give his best care to the consideration of this question, and use all his influence to see that the two questions are dealt with separately, namely, the question of a gold standard and currency and

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the ratio to be fixed between the rupee and the gold, and the question of a Central Bank with a sound system of banking such as this great country urgently needs.

Now, Sir, coming to this question of a Central Bank, the House is probably aware, that the idea of a Central Bank for India was mooted so far back as 1860. It was discussed several times between that year and 1876. But no decision was arrived at on the subject. The question was taken up by the Royal Commission on Indian Finance and Currency and they said in para. 222 of their Report which was published in 1914 that they regarded "the question, whatever decision might ultimately be arrived at upon it, as one of great importance for India, which deserves careful and early consideration by the Secretary of State and the Government of India". They recommended that there should be a committee appointed to consider and report whether a Central Board should be created and to submit to the authorities a concrete scheme for the establishment of such a Bank fully worked out in all its details and capable of immediate application. We Indians have repeatedly urged that a State Bank should be established. Writing my minute as a member of the Industrial Commission in 1918, I said:

"The interests of the country demand the early creation of an institution which will at once be the central reservoir to which all public balances should belong and the central fountain which will feed all fruitful national activities throughout the country."

But the matter has not been taken up all this time. We had also an External Capital Committee. From what the Honourable the Finance Member told us then we expected that the question of increasing bonds and banking facilities would be taken up early, but it has not been taken up. The question now brought before the House is one of establishing a Central Reserve bank. I endorse what Sir Purshotandas Thakurdas has said upon this point. I feel that it is a question of greater importance that we should first provide banking facilities in this country by a sound system of national banking which will give to India what every civilised country enjoys in the way of those facilities. The Honourable the Finance Member referred to certain remarks of Dr. Sprague. But I can also quote Dr. Sprague in support of my view. He was asked by the Chairman of the Royal Commission to assist the Commission with advice upon the topic of a Central Bank and as regards its fundamental principles. The Chairman said to him:

"Without entering into any matters requiring special knowledge about India, there must be points which emerge from the general principles of Central Banking which are applicable to those features of Indian conditions which are common knowledge to all of us."

And in answer Dr. Sprague said:

"In considering in general the subject of banking in India, I would like to describe first my feeling about the general principles which apply to the reorganisation of banking as distinguished from purely monetary problems. I would liken it, if you please, first to the construction of a foundation for a super-structure, and the foundation for a central banking system in India, to my mind, must be carefully introduced among and interwoven with the existing banking practices, the existing customs of business, the existing methods of Government in managing its fiscal affairs, and the existing business that India conducts; but that it should not be applied, as was done

to a considerable extent in America, as a sort of forced readjustment of methods. If this foundation upon which the super-structure of a great bank of issue is to be erected in India is not a secure one, if the concrete in other words, has not had time to set, and the completed super-structure is built upon that foundation, the super-structure is liable to weaken, settle and possibly crack and fall."

He further said:

"I am sure that you will not gain the impression from what I say that the suggestions involve any criticism of the course of India in these matters in the past. You certainly cannot believe that when I remind you of the fact that it was only 12 years ago that the United States undertook to do exactly what India is now undertaking to do and indeed with us after 80 years of rather more extreme disorder in banking and monetary matters than probably any nation has experienced."

The Honourable Sir Basil Blackett: Perhaps that is the answer to the Honourable Member's earlier question whether any nation has suffered more than India. [The Honourable Member (Pandit Madan Mohan Malaviya) did not catch the interruption.]

Mr. President: If the Honourable Member desires to take notice of any interruption, he must give way and resume his seat.

Pandit Madan Mohan Malaviya: I beg your pardon, Sir. I want to draw the attention of the House—the Honourable the Finance Member knows it—to what Dr. Sprague further said in this connection. He said:

"Following the crisis of 1907, a Monetary Commission was appointed which undertook detailed studies of our own currency and banking experience together with detailed studies of banking organisation and practice in other parts of the world. After some three years of investigation, which included the publication of 30 or 40 volumes on currency and banking matters, this monetary commission prepared a Bill for a central bank, a Bill which we know in America as the Aldrich Bill. That Bill brought forward in 1911 was the subject of wide-spread discussion and criticism."

Dr. Sprague went on to say that it was after all that extended consideration and discussion that the Federal Reserve Act was passed. Here, the Royal Commission was appointed early last year, and so far as I remember, it took about six months' time to make its recommendations. Six months' time might have enabled it to make a recommendation with regard to the gold standard and gold currency being established in India, because the subject had been very much discussed in the past. But I submit that six months' time was not sufficient to enable the Commission to give the country and the Government a scheme for a Central Bank such as the country needs. Let me quote the last piece of advice which Dr. Sprague gave to this Commission. He said:

"I think our experience raises the presumption that in the case of India you will not reach the desired haven by a consideration of banking, currency, and exchange matters alone; but you will find that they are inextricably interwoven in with banking development, organisation and practice; and possibly our experience may suggest the rather unpleasant consequence that a number of years' work may be ahead of this commission."

Practically the same advice was given by another eminently high authority, viz., Mr. Strong, Governor of the Bank of England, who said:

"The point that I would like to make, using this statement by way of analogy, is that the study of monetary reform in America extended over a period actually of six years in the effort made immediately prior to the establishment of the Federal Reserve Bank."

[Pandit Madan Mohan Malaviya.]

He went on to say :

'Therefore, if I may make these remarks by way of suggestion, it seems to us that the first stage of development should be a study of those banking and business conditions in India which will lay the foundation for the erection of this super-structure of a central bank of issue. Those studies, it seems to us, should extend specifically into the business that India does, which is largely agricultural and largely confined to four or five major crops which produce a large export balance.'

I could not cite two greater authorities than Dr. Sprague quoted by the Honourable the Finance Member himself, and Mr. Strong, the Governor of the Bank of England. They have both recommended that we should take more time and study the question more fully before we should discuss the question of establishing a Reserve Bank of the kind which has been recommended. I request the Government and the House not to disregard that advice.

I do not wish to take up the time of the House at this stage by pointing out the objections to which the constitution of the Reserve Bank is open, but I agree with my Honourable friend Mr. Joshi in one view which he has put forward. I would not go so far as to say that the shares in the Bank should be rupee shares, but I certainly agree with him that the shares should not be held by any one man or a group of men in excessively large numbers, and that this Bank to which it is proposed to transfer very great powers in the administration of the country's affairs, should be a bank which will have Indians fully represented on it. Let the House realise what this Bank is going to do. With the proposed modifications and extension of the Imperial Bank of India and the creation of the Reserve Bank a tremendous amount of power to direct and regulate the industrial, commercial and other business activities in this country will pass into the hands of the Governors of the Banks. That being so, the representatives of the people cannot be too cautious to see that the representation of the people on such institutions is quite satisfactory. They cannot take too great care to see that the Legislature and the Government acting according to its wishes, should exercise full control over such institutions. I submit, therefore, that the proposal for a Reserve Bank should be discussed separately from the question of the reform of currency which is pending before us. I do hope that when the Bill goes out for opinions these aspects of the question will be borne in mind.

Mr. T. Gavin-Jones (United Provinces: European): Sir, I am in entire agreement with the Honourable the Finance Member that this Bill should be circulated for eliciting opinions thereon. It requires the most careful consideration and deliberate action, but I was very surprised to hear that he wished to delay the consideration of the ratio problem until the introduction of the Budget. I entirely agree with the other Honourable Members here who have protested against this delay. The Honourable the Finance Member introduced a Bill last Session which was to settle the ratio question from the very beginning. It is a question that is of vital importance; it is a question on which everybody in India is wanting to know what is going to be done and what is going to be the result of our deliberations in this House, and I think we should consider it as soon as possible. Personally I am a protagonist of 1s. 4d. ratio, but there are other Honourable Members in this House who consider that 1s. 6d. is the correct ratio who also consider that this Bill should not be

delayed. I hope therefore, that the Honourable Member for Finance will reconsider what he has said and will endeavour to take the Coinage Amendment Act into consideration as soon as possible.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I very rarely intervene in a financial debate, and, I should not have done so on this occasion, in spite of the invitation of my Honourable friend the Pandit (Pandit Madan Mohan Malaviya) who so frequently referred to the Home Member in his speech that it looked as if he thought that the Home Member was in charge of the Bill. (Laughter.) But my reason for intervention is this. My Honourable friend and colleague, Sir Basil Blackett, has been attacked with great ferocity one might almost say, for his desire, his alleged desire—for I am sure nothing is further from his thought—to endeavour to force an issue on the House in a manner which it does not like. In fairness to the Honourable Member, let me read what he said this morning. What he said was this:

“In answer to the point that was put to me by Sir Purshotamdas Thakurdas a few minutes ago, the Government have not yet come to a decision as to the further procedure which will be adopted in regard to the currency measures generally. It depends partly on the progress of other business; but I may say that after consulting opinions so far as they could do so in various quarters of the House, Government are inclined to the view that it will be the desire of the majority of the Members of this House that the Currency Bill should not be brought on for effective discussion until the Budget has been introduced.”

I have no doubt that my Honourable friend in making those remarks desired to elicit opinions from other quarters of the House and he has been extraordinarily successful in doing so. (Laughter.) Therefore, we may say that in regard to that matter the debate has been profitable. I must really ask the House, however, to bear in mind that no Government can hand over the carriage of its own case to the House. The Government must observe their reasonable rights in these matters just as the carriage of a case is with the plaintiff, if he is the plaintiff and not with the defendant. However, I have no doubt that the observations that have fallen from the Members of this House in this debate will receive careful consideration from Government. I cannot say more at present. I would however, point out to the House that, whether you discuss this Bill now or whether you discuss it at the time of the Budget, you cannot possibly divorce the Bill from the Budget—whether you discuss it in March or discuss it in January. I am not a financier and therefore speak subject to correction, but I think whether you discuss it now or in March the difference between the rates in their effect is not likely to be a severe mathematical sum. I see my Honourable friend opposite smiles. I admit that I am not strong on this point. I however thought it reasonable to say, in view of the observations that have fallen from different quarters, that Government have not come to a definite decision as yet on the question as to future progress of the Currency Bill.

Mr. Vidya Sagar Pandya (Madras Indian Commerce): As I am a new Member, I must confess I am not quite familiar with the business and procedure of this House. I was under the impression that the Bill would simply be introduced without a speech from the Honourable the Finance Member, as was the case with other Bills that came before. However, as the Bill has been introduced it is not my intention, at the far-end of the day, to make any long speech. But I want to warn this House about certain matters which have come to my notice. It was very

[Mr. Vidya Sagar Pandya.]

unfortunate that the Royal Commission began its work under very bad circumstances. It was boycotted practically in the southern part of India. In spite of representations made and Resolutions moved in this House the personnel of the Commission was not set right. The result was that very valuable evidence which would otherwise have come to the notice of the Royal Commission was not tendered before it. Further, it will be noticed from the second volume of the Royal Commission's Report that they have omitted to publish the evidence of about 60 gentlemen. I do not see why this evidence should be removed. I may further say that I addressed those gentlemen and asked them to let me have the views they expressed before the Royal Commission if the Government are not prepared to publish the evidence tendered by those gentlemen. Some party in the House such as the Swaraj Party may like to publish those views so that the House may judge on the actual evidence tendered and not on the "selected" evidence that has been put forward and published by the Government. Besides that, some gentlemen addressed the Royal Commission and offered to tender evidence. They did not even receive the courtesy of a reply from the Royal Commission. Here I have got with me a letter written by the Chairman of the Ionian Bank in London, and this is what he says:

"Nevertheless I may be able to give you some points of interest which are not available to the public. When the Currency Commission was appointed I wrote to Commander Hilton Young and told him I wished to give evidence before the Commission and that I should be obliged if he would furnish me with the names of the Commissioners and with the address at which they would meet in London. From that day to this"—

The letter is dated the 7th December 1926.

—"I have not heard one word from Commander Hilton Young and was surprised one day to see a notice in the press that the members of the Commission, or some of the members, had returned to India. Before the Commission was formed I sent to Commander Hilton Young all the documents I am now sending to you, and as they are now all out of print may I ask you to return them to me"

and so on. I do not see why a gentleman of the standing of the Chairman of the Ionian Bank who comes forward to give evidence before the Royal Commission should not even have been shown the courtesy of an answer to his letter. I am sorry I have not brought the file of papers with me, as I was not aware that the principles of the Bill would be discussed to-day. I thought it would be simply moved in a formal way. I have other letters with me in which a number of witnesses complain that they were called upon to give evidence and they took the trouble of tendering evidence but were not shown the courtesy of having their evidence published. They did not know that "only selected" evidence would be published. I hope the Government, as they are going to send the Bill for eliciting public opinion, will make the evidence which has not been published available to the Members of the House. It would be better in fact if it is published so that the public may judge why it was not published at all.

Well, it is not my intention to deal in detail with the ~~ratio~~ question, but in passing I may say that the Honourable the Finance Member in his Memorandum before the Royal Commission has himself admitted that the silver rupee is only a promissory note printed on silver. May I explain the position? It is this, that the Government of India had fixed the value of a sovereign at 15 rupees: the value of the silver content of the

rupee was about 8 to 10 annas, varying from time to time. The rest of the value of the contents of the rupee were kept in the form of a Gold Standard Reserve, and the Gold Standard Reserve has been used in the past only to enable the foreign merchants in India to send remittances home. The result is that the Government have been taking away 6 to 8 annas per rupee, keeping it in the form of a Gold Standard Reserve, and returning it only to the foreigners who send remittances and never undertaking the obligation to pay this balance to the public here. The result is that when we now demand the return of the full value of the rupee, a portion of which Government have practically been usurping to their own uses, we are told that instead of 15 rupees we shall get hereafter only Rs. 13-8-0. I may be mistaken by about 2 annas, but on the whole there is a big loot.

The Honourable Sir Basil Blackett: If the Honourable Member wants to charge loot I think he had better be right in his figures.

Mr. Vidya Sagar Pandya: I think I am fairly correct.

Now regarding the Gold Standard, well, I do not want to take up much of the time of the House, but it seems to be something like a "bridegroom" without the "bride". We had so far only a sterling exchange standard, and now we are made to believe, to take it at something better than what it was before, but really, I do not find any difference between the two. If there is any difference, it is this. We have in the past been criticizing the Finance Member and the Government that they have been selling Reserve Council Bills without consulting the Assembly or anybody else. The result of the Bill is that what they have been doing unauthorisedly, they propose to do with our permission, and it is better that we understand fully what the Bill amounts to before we grant our permission. Now some of the Honourable Members here are very happy that we are going to have a transfer of the control of currency from the Secretary of State for India to the Government of India here. But from what I have seen of the constitution of the Reserve Bank and the management of the Imperial Bank, I am afraid—I am taking into consideration our own experience with the Imperial Bank—it might be a transition from "King Log" to "King Stork". We are not sure what control we are going to have. It is all right to say that all other countries have got a Central Bank and it is a nice thing to get a Central Bank, but we have to consider whether it is not the people in those countries who manage the Central Bank. Are they not managed by the people themselves in the best interests of the country? Here, according to the constitution it appears to me something like handing it over to the foreign exploiters to have their own way, and unless we provide for ample safeguards in the matter of giving control to the public, and unless the Reserve Bank and the authorities appointed by the Government to control the currency are amenable to the discipline and to the orders and mandates of this House, it will be very dangerous to hand over the currency to a new institution of the kind proposed in the Bill. Well, about the Imperial Bank, I am speaking now as a banker and as one who represents the interests of the commercial community in the Madras Presidency. I am sorry to confess that our experience of the Imperial Bank has been very unfortunate. We can never depend upon the Imperial Bank for help (Laughter)—and unfortunately the Imperial Bank still follows the old traditions of the three

[Mr. Vidya Sagar Pandya.]

Presidency Banks and I think several Members of this House will recall the part played by the Bank of Bengal in the past in the matter of advances and how they brought about the ruin of the People's Bank of India and also how they readily came forward to help the Alliance Bank of Simla. When we make any business proposition to the Imperial Bank, we are never sure about it and

The Honourable Sir Basil Blackett: Sir, who helped the Alliance Bank of Simla?

Mr. Vidya Sagar Pandya: That was to save the prestige of the British Banks. While the People's Bank was able to pay 19 annas in the rupee, the Imperial Bank never came forward to help them, while they readily came forward to help the Alliance Bank who could only pay 8 annas in the rupee without sufficiently examining the assets of the Alliance Bank. I must warn the House at this stage to go very carefully through the whole evidence—even the evidence which has not been published should be published—and after fully considering the full bearings of the question, they should come to a conclusion on this question. Then, about the gold standard, as I have already said, it looks like a bridegroom without a bride. What is the meaning of gold standard? What we are anxious to have is that we should have gold coin as unit of money and value. Gold coin ought to be the monetary unit. Talking about this stabilisation of the Rupee means we are still harping on the old tune. The rupee ought to go. It is the bastard rupee which ought to get out of place and we should be assured of the gold standard with gold currency and an undertaking should be given that gold will be given to people on demand, not only to a man who asks for 1,600 tolas of gold but to every body. (*Mr. Jamnadas M. Mehta*: "1,085.") I do not want to detain the House any more. I am glad that the Government have agreed to circulate the Bill and I hope we will have ample opportunities of going through the evidence and taking up the Bill at a later stage.

The Honourable Sir Basil Blackett: Sir, I do not think it is entirely a novel procedure to make a fairly lengthy speech on a motion for circulation, and if I did so to-day, it was because I desired—and it has always been my desire—that this whole subject of the reform of Indian currency should be studied and decided upon with intelligence, and if I may say so without offence, I think that some of the speeches to-day showed us that it is still desirable. The last speaker made a great point about the absence of a certain number of written statements. The choice of what to publish is always left as a matter of practice to a Royal Commission. The Royal Commission have explained that considerations of convenience and economy have precluded the inclusion in the published volumes of the whole of their material. These are some only of the published volumes. I do not think that it is really reasonable to charge them with having specially selected evidence for a particular point of view. But I may add that we have, I believe, the original statements in most of these cases where evidence has not been published in the Finance Department and I shall be happy to allow any Member who wants to see them and strain his eyes over them.

I do not propose, Sir, to attempt to cover much of the ground that has been covered by the various speakers to-day. There are just one or

two casual points that I should like to take up. The question of the relation of the co-operative banks to the new Reserve Bank is a very interesting one. The matter was, I believe, carefully considered by the Royal Commission and has been considered by the Finance Department very carefully. It is quite clear, I think, that the obligations, for instance of keeping a special proportion of their demand and time liabilities and publishing statements which are laid on the other banks concerned could not be laid in that form in the case of the co-operative banks. There is no kind of slight to the co-operative banks in not putting them in there and Government does not consider them suitable for the sort of connection that is proposed in this Bill between the Reserve Bank and the other joint stock banks.

Another suggestion is made that there should be no share capital; that the Government should put up the whole of this capital for the bank out of its own funds. Well, now, the whole object of our proposals is to transfer control over the currency and credit machinery of India from the Secretary of State and the Government of India to an independent body. If the Government is going to put up the capital, Government is going to be the controller. You do not get your independence. If you are going to get complete independence you must find some means of dissociating it from the Government, and it does not seem to me that the natural way to do that is to ask Government to put up the whole capital. It certainly seems to me to be a contradiction in terms.

A good deal has been said about the absence of gold currency. I tried to make it clear in the course of my earlier speech that a gold currency might or might not be desirable hereafter—that was a matter on which I did not wish to express any view at this time—but that whether you regard it as desirable or not, it was quite impracticable at the present moment to introduce a gold currency, and that the right method of progression was *via* the gold bullion standard. I think it was Sir Purshotamdas who asked me whether Government was prepared to give some pledge that a gold currency should be introduced if the Assembly or Legislature hereafter desired that it should be introduced. As I said, I think it would be absolutely useless to pretend to bind your Legislature ten or fifteen years ahead. I have not the least doubt that if the Legislature find that the position is such that there is a possibility of introducing a gold currency, and they take the ordinary steps to show that that is their wish, I have no doubt that it will be introduced. No pledge given now would affect the issue.

I would like once more to emphasize the point, in view of what Pandit Malaviya said, that the Reserve Bank and the gold standard are mutually interdependent, and any attempt to separate them will be very undesirable. You cannot solve India's currency problem unless you take up the question of central banking. Any attempt to separate it would lead you to a wrong end. I think it absolutely essential that this Bill should deal with both subjects, the gold standard and the Reserve Bank, and that they should not be separated into two isolated compartments where one might proceed faster than the other with possible damage to both.

A good many speakers have talked about the gold bullion standard not being a gold standard. Every economist who writes on the subject that I know of admits that the gold standard as at present in force in the

[Sir Basil Blackett.]

United Kingdom is a gold standard, and if that is a gold standard in the United Kingdom it is a gold standard here. There is however no need to be too precise about terms. A gold standard obviously shades off from the form that used to be regarded as the Victorian form, a gold currency standard, into all sorts of other forms. But all these shades are gold standards, provided that there is absolute and automatic provision for the maintenance of the gold unit, and it is rather waste of time to argue that one is and one is not a gold standard. What we are proposing is a gold standard without gold currency. We are not proposing a gold standard with gold currency at the present time. But that both are the gold standard is admitted by all those who have really seriously studied this subject, and I do not think we really gain much by quarrelling about words. I do not think it is necessary for me to attempt to follow the very many other interesting lines of thought that have been raised to-day. A great many statements have been made with which I disagree so entirely that it would take me a very long time, even if I had noted them all, to correct them, but we shall have another opportunity at a later stage to deal with this Bill, and I do not think I need continue to discuss it now.

Mr. President: The question is:

“That the Bill to establish a gold standard currency for British India and constitute a Reserve Bank of India, be circulated for the purpose of eliciting opinions thereon.”

The motion was adopted.

∴ The Assembly then adjourned till Eleven of the Clock on Wednesday, the 26th January, 1927.

LEGISLATIVE ASSEMBLY

Wednesday, 26th January 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

RESULTS OF THE ELECTION FOR THE PUBLIC ACCOUNTS COMMITTEE.

Mr. President: I have to inform the Assembly that the following Members have been elected to serve on the Public Accounts Committee:

Maulvi A. H. Natiq,
Mr. H. G. Cocke,
Maulvi Abdul Matin Chaudhury,
Mr. B. Das,
Mr. K. C. Neogy,
Mr. A. Rangaswami Iyengar,
Maulvi Sayyid Murtuza Sahib Bahadur, and
Mr. C. S. Ranga Iyer.

THE CODE OF CIVIL PROCEDURE (SECOND APPEALS) BILL.

The Honourable Sir Alexander Muddiman (Homo Member): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908, for a certain purpose.

The amendment made in the Code by the Bill is with reference to security for costs in appeal. This Bill, like several of the Bills I have recently introduced, is based—or took its origin, I should say more accurately, in Chapter 26 of the Civil Justice Committee's Report. In that Chapter the Committee recommended that in the case of every second appeal to a High Court the appellant should be required to deposit in cash or in Government promissory notes a definite sum by way of security to the respondent for the costs of the appeal. Their recommendation actually extended to costs in the lower courts and in the appellate court.

The recommendation was circulated to High Courts and Local Governments, for we thought it was a proposition on which further consideration was necessary, particularly in view of the fact that as regards the question of the deposit of costs on second appeal it was not a new question. I introduced a Bill similar to the Bill I am now asking for leave to introduce in the last Assembly, but owing to the demise of that body I was unable to proceed further; but when I did introduce it I was asked to make available the opinions that had been received before I made the next motion and I gave a promise that I would do so and I repeat that promise here. I will not move this Bill again until the House has had an opportunity of considering those opinions.

[Sir Alexander Muddiman.]

I ought to point out that the actual proposition before the House is not identical with that made by the Civil Justice Committee. They propose that security should be required in all cases. We, after considering the opinions of the persons consulted, came to the conclusion that there was a considerable body of opinion in favour of restricting the proposal to appeals from concurrent judgments only and also that it should be subject to certain conditions. The conditions which are inserted in the Bill are that the High Court should have power to dispense with security for costs when the judgment appealed from is on the face of it erroneous in law or when a subsequent decision of the High Court or of the Privy Council has modified or altered the law. A further condition is that security should be required only on the admission of the appeal under Order XLI of the Code; and we further limit the proposal to security for costs of the second appeal. That, Sir, I think gives a rough outline of the Bill before the House.

I move, Sir.

The motion was adopted.

The Honourable Sir Alexander Muddiman Sir, I introduce the Bill.

THE STEEL INDUSTRY (PROTECTION) BILL.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I beg to move:

"That the Bill to provide for the continuance of the protection of the steel industry in British India be referred to a Select Committee consisting of the Honourable Sir Bhupendra Nath Mitra, Mr. M. R. Jayakar, Lala Lajpat Rai, Mr. M. A. Jinnah, Maulvi Mahammad Yakub, Mr. G. Sarvotham Rao, Sir Walter Willson, Mr. M. Rethnaswamy, Mr. N. M. Joshi—and with your permission, Sir, I should like to add the following names: Mr. R. K. Shanmukham Chetty, Mr. Jamnadas Mehta, Mr. M. K. Acharya, Kumar Ganganand Sinha, Mr. Amar Nath Dutt and the Mover; with instructions to report not later than the 1st February, 1927; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

(*Mr. M. S. Aney*: "I would like to add the name of . . .") I suggest, Sir, that that might be put when the motion is put.

The subject of this Bill is familiar, I think I might almost say painfully familiar, to those Honourable Members who were Members of the last Assembly, for there were not many meetings of that Assembly in which it did not fall to my lot to make some motion connected directly or indirectly with the protection of steel. But, Sir, I think I have reason to believe that we are now beginning to reach finality, and that when once this House has passed this Bill the Legislature will be spared the pain and weariness of listening to long speeches, such as I am afraid it is my fate to make to-day, and will be able to stand aside and watch the steel industry in India forging ahead to a position in which it can meet competition from whatever country or quarter it may come without any special protection from the Government. And I would remind the House, as His Excellency the Viceroy reminded us only two or three days ago, that that is the policy laid down for us by the Legislature in 1923. Our policy is only to protect those industries which can eventually face world competition unaided, and only to give them temporary protection until such time as they can stand alone.

I expect, Sir, that most Honourable Members will agree with the remark made somewhere in this Report of the Tariff Board that it is a misfortune that the steel industry in India, in so far as it is a basic industry connected with the manufacture of rolled steel, is concentrated in the hands of a single firm and that we all of us share the hope of the Tariff Board that eventually we shall make the industry a much stronger and a much healthier industry by attracting new capital to it and by inducing new firms to engage in it until eventually India is self-supporting in the manufacture of an article of national importance. Indeed, Sir, I would go further. Already we make the cheapest pig-iron in the world. Already pig-iron is one of our important export trades, and I think myself, Sir, that we can legitimately look forward to a time when India will become an exporter of steel. But, Sir, though there are disadvantages in the position as it is at present, yet for my purposes to-day the fact that the industry is concentrated in the hands of a single firm has one great advantage. I seem to remember that in those ten hectic days of May and June 1924, when we passed the Steel Industry (Protection) Act, some misgivings were expressed in this House lest we might be imposing an altogether disproportionate burden upon the consumer in India, and yet after all fail to achieve our object. Well, Sir, we are to-day in a position to count up our losses or our gains. The Tata Iron and Steel Company has placed all its accounts before the Tariff Board. They have been scrutinised with that care and accuracy which we have learnt to associate with the name of the Indian Tariff Board, and we are able to-day to measure the progress that the Company has made, to estimate its prospects for the future and to compare the results achieved with the price which we, as representing the taxpayers of India, have paid.

I do not think, Sir, that it is necessary for me to traverse in any great detail the history of the last three years. Every one I think, knows that we have had a hard struggle to make our policy effective; that at one time it looked as if we had failed and that nothing could save the steel industry or rather the Tata Iron and Steel Company from extinction. Those difficulties came as no surprise at any rate to some of us, for I myself foreshadowed most of them in the first speech I made on the Steel Industry (Protection) Bill. The truth of the matter is that we passed that Bill just at a time when conditions were most difficult in the steel trade of the world, or perhaps I might more accurately put it, in the steel trade of the Old World. The war had greatly increased productive capacity. At the same time it had diminished purchasing power. And the result was that production had altogether out-stripped demand. In addition the position was aggravated by the depreciation of Continental exchanges, and the result was that no sooner had we passed the Act than prices collapsed and there was an inrush of imports of steel. I would not have the House think that that was in any way due to the fact that the duties imposed by that Act are light duties. They are not light duties; they are heavy duties. The House will see from this Report that in January 1926 Continental bar steel was coming into India at Rs 82 a ton. Now, Sir, our present duty upon bar steel is Rs. 40 a ton, and the House will see that that duty is equivalent to a duty of very nearly 50 per cent. *ad valorem* upon Continental bar steel; and I think the House will agree with me that that is a heavy duty. In addition the Steel (Protection) Act sanctioned liberal bounties on rails manufactured in India. Yet by December 1924 it was already clear that the tariff wall which we had built up with such care and elaboration only a few months before was inadequate for the purpose for which it had been designed and twice the Legislature had

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to come to the assistance of the industry. In January, 1925 and again in September 1925, the Assembly sanctioned additional bounties on ingot steel, and the net result is that by March 31st next, in addition to heavy tariff protection, we shall have paid away in bounties a sum estimated by the Indian Tariff Board at Rs. 209 lakhs. Now Rs. 209 lakhs are the equivalent of £ 1½ million. Let it be remembered that that large sum of money has been paid away to one single firm, the Tata Iron and Steel Company, and I do not think it can be said that our measure of protection has been ungenerous or, as I heard it put the other day, half-hearted. On the contrary, we have imposed no small burden upon the consumer in India. But I do not wish to be misunderstood. I do not wish to imply that the burden has been unduly heavy. On the contrary, I think that we can congratulate ourselves on the comparative ease with which that burden has been borne. The collapse of steel prices to which I have referred may have embarrassed the Government and the Legislature and the steel company; but it lightened the load for the consumer and we have it on the authority of this Report that steel prices in the last three years, and now especially, have been on the whole less than they were before we passed that Act in 1924. But there is an even better test. The House will remember that one of the criticisms made when we introduced this Steel (Protection) Act in 1924 was that by these heavy duties we would decrease consumption of steel in India. It was pointed out to us that the industrial progress of a country is very largely measured by its consumption of steel, and it was suggested that we were taking a great risk in doing anything which might lead to less use of steel in India. Well, Sir, I am happy to say that those fears have been falsified. I have had a careful estimate made of the consumption of steel in India, that is, of our imports of steel plus our local production, and the figures are, I think, significant. In the three years before the war the consumption of steel in India amounted to just over one million tons a year. In 1925-26 the consumption amounted to 1,850,000 tons, that is, an increase of 80 per cent and I think, Sir, that when we regard those figures we can say with some truth that we have not imposed an undue burden upon the consumer.

That, Sir, is one side of the picture. But there is another. After all, though we have not imposed a disproportionate burden upon the consumer, we have imposed a burden upon him. We have not done that for fun; we have done it with a definite object in view; and I imagine most people in this House are asking themselves what progress we have made towards the attainment of that object, whether the game is worth the candle, and whether we are getting value for the money we have spent. The object of course is the building up in India of a healthy steel industry, and the answer to that question is contained in this Report and in the Bill which I am submitting to the House this morning. The House will see in the first place that though it is proposed that the protection should continue, it is a less and a smaller measure of protection. That in itself is a very satisfactory feature. I have only just referred to the difficulties which the steel industry throughout the world except America has been passing through during the last three years. Only the other day I saw in a trade paper a summary of the financial results of 16 of the biggest steel firms in England. They are all firms whose names are household names in the steel trade. They are powerful firms with great resources, with great stores of inherited skill behind them; and yet, Sir, during the last three years I think I am correct in saying that there

are only two of those firms which made profits. The others have passed through great stress and difficulty and some of them are even now undergoing the painful process of reconstruction. One of the biggest of them even had to appeal to Indian Railways and take away from us Mr. Sim, and I have just heard that it has also taken away one of our best Agents. Now, Sir, contrast the position of the Indian steel industry in 1924. It was a comparatively new industry. It had embarked some time before upon an ambitious and expensive programme of expansion. I may say parenthetically that at that time there was a tendency to criticise the Steel Company for having embarked upon that programme. But, Sir, we now know that if the Steel Company had not done so it would not be in existence to-day. It had yet to try out a difficult and new process, namely, the Duplex process. That process is not in use at all in the United Kingdom; it is an American process, and I happen to know that some members of the Tariff Board had grave apprehensions lest in Indian conditions the Steel Company could not make a success of that process. Now, Sir, the Steel Company was at that time in a weak position to withstand competition. Yet it had to meet competition fiercer than ever before in the history of India. And we know from this Tariff Board's Report that not only has the company weathered that period of stress, but it has emerged from it a stronger, a better and a healthier Company. I cannot say too much about the finances of the Company, for that of course is a delicate matter, but I think that I am giving away no secrets when I say that at the end of October 1924, the Steel Company was in most serious straits for money. Now it is in a very much stronger position, and I am perfectly sure that, as the result of this Report, its credit and its financial position will be very much stronger still. But it is perhaps on the technical side that the greatest progress has been made. Some Honourable Members will remember that in its first Report, the Tariff Board would not commit itself further than to say this. They said that in a transition period of several years the Steel Company might succeed in reducing its works cost from a figure somewhere near Rs. 190 a ton to a figure somewhere in the neighbourhood of Rs. 100 a ton. Well, Sir, that was a very cautious statement. A little more than two years after those words were written, that is to say, in August 1926, the Steel Company had succeeded in reducing its works cost to Rs. 98 a ton, that is less than the ultimate figure mentioned by the Tariff Board, and I may say without giving away any secrets that in the later months in August 1926, the Steel Company has beaten even that excellent figure. Much of course still remains to be done. We know from this Report that the Company's plant in part needs modernising and that it needs improving in other respects. We know also that there are economies which have to be carried out, economies in labour and staff, economies in the consumption of coal, and economies in the consumption of consumable stores. But I think that we can say that in the last three years the Steel Company has made very real progress indeed. And here possibly I am trenching upon a ground which more properly belongs to Sir Purshotamdas Thakurdas and the other Directors of the Company. But I should like to say that I personally would like to congratulate Mr. Alexander, the General Manager of the Steel Company at Jamshedpur, and all his staff on the progress they have made in the manufacture of steel at Jamshedpur. I believe I am correct in saying that the one thought which animates Mr. Alexander and the whole of his staff there is the desire to make the Steel Company independent of any extraneous aid from Government

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and capable of meeting competition entirely unaided, 'and I am sure we wish them success in their endeavours.

I have dealt very briefly with our policy during the last three years and its effect both upon the consumer and upon the Steel Company. A summary of the matter is contained in the words of the Tariff Board :

"A review of the progress of the steel industry during the past three years clearly shows the success of the policy of protection adopted in 1924. While the assistance given has been in no way excessive it has substantially improved the position of the steel industry."

I must say, Sir, that those words are very grateful and comforting to me, I suppose that I have identified myself almost more than anybody else with the protection of the steel industry in India. I have been greatly criticised for doing it from many quarters, and I must say that it is a relief to me to find the Tariff Board recording those words and expressing their considered opinion that our policy has been a success during the last three years.

Now, Sir, I come to the Bill before the House. The first point I wish to make is that we are not discussing now—at least I hope we are not discussing it—the question of principle or of policy. It is perfectly true that in the Act of 1924 we guaranteed actual protective rates only for a period of three years. That was because the conditions then were so unstable that neither the Tariff Board nor the Government were prepared to commit themselves to a scale of rate for a longer period than three years. But there was no intention either on the part of Government or of the House to limit the continuance of the policy only for three years. The House definitely amended the Preamble of the Act in order to make that point perfectly clear. I am perfectly prepared to admit that this House is quite entitled, if it so desires, to go back upon the policy of its predecessors. I only hope it will not do so. Protection may be a good thing or it may be a bad thing, but every one will agree with me that once you embark upon the policy of protection, you can do no worse thing than to display vacillation or irresolution. If we are to make this policy a success, let us have continuity of policy. In that view, I do not propose to argue any further than the point whether or not we should proceed with our policy of protection. The real questions we have to decide are the questions set by section 6 of this Act, namely, the question whether protection is still necessary, and if so, how much. These are the questions to which the Tariff Board has addressed itself.

Now, Sir, opinions may legitimately differ about the conclusions arrived at by the Tariff Board. But I hope that I shall have the whole House with me when I congratulate Mr. Ginwalla and his colleagues on an extremely able, lucid and businesslike Report. (Applause.) I have often felt some apprehensions myself, I freely admit it, in regard to the policy of protection. It is always a dangerous policy, but I have no fears about it at all in India as long as we base our proposals for protection upon reports such as we get from the Indian Tariff Board, reports based upon a careful and impartial study of the facts.

Now, Sir, the Tariff Board have dealt with these two problems in their usual manner. They have applied the method which they used in 1924 and which was acquiesced in and approved by the House then, namely, they have attempted to make as careful an estimate as they can

of the fair selling price of Indian steel and to make an equally careful estimate of the price at which steel is likely to be imported, and then the difference between the two constitutes the measure of protection required. I have heard it said that estimates of this kind are not of very much value, but I should like to point out to the House that they are an absolutely essential incident of our particular brand of protection. I think I may say broadly that there are two methods of giving protection. One I may call a method of trial and error, that is, you give a measure of protection to an industry and you tell them that if that is not sufficient they may come again and ask for more, and again, human nature being what it is, industries usually do come up and ask for more. That is the history of protection in many countries. It may be a good method or it may be a bad method, but it is not our method. Our method definitely is the policy of discriminating protection. When the last Steel Act was before the Assembly in 1924, nothing impressed me more than the insistence shown by the House upon the necessity for considering in everything we do the interests of the consumer.

The House definitely amended the Preamble of the Steel Act, by introducing the words "with due regard for the well-being of the community" in order to bring home that point. As I interpret those words, they mean that this House is in no way prepared to countenance on the part of any industry the tendency to display what I might call a Mrs. Micawber-like attitude. They are not prepared to agree that any industry which we protect should, so to speak, throw its arms lovingly round the neck of Mr. Ginwala and say, "Never shall I be parted from my dear Tariff Board". Our policy of protection is one which proceeds upon the basis that we must throughout adjust as carefully as possible on the one hand the interests of the industry we are going to protect and on the other hand the interests of the consumer. If you accept this method, it is obvious that you must have estimates of this kind. But you cannot have them until and unless you decide what period of protection you are going to have. Because the fair selling price depends on the cost of production and the cost of production naturally depends upon the amount you produce. When you have got an industry, as we have got now, which is only, so to speak, in its comparatively initial stages, which has not yet attained its full maximum production, obviously you must decide what period you are going to allow for that industry to attain its full maximum production before you can decide what the cost of production is going to be. The Tata Iron and Steel Company, in 1924-25, produced 248,000 tons of steel. In 1925-26 it produced 320,000 tons. This year it hopes to produce 380,000 tons; that is to say, it has very nearly attained what the Tariff Board thought was the maximum possible output with the present plant, namely, 420,000 tons. But, as I have just mentioned, we know that the plant at Jamshedpur is defective. The details are given in Chapter III of the Report which no doubt the House will read. The main fact is that in order to get full value out of this plant, a new battery of coke ovens must be put in, a new steel furnace must be put in, a new roughing stand must be erected and various other improvements must be effected. The Directors of the Tata Iron and Steel Company have already recognised the necessity of these improvements and they propose to make them from the money supplied by their depreciation fund. They hope to complete these improvements by 1931-32 and they hope to begin to have the full value of them in 1933-34. On

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that date the Tariff Board estimate that the Tata Iron and Steel Company will be producing 600,000 tons of steel. I do not mean to say myself that I regard that as the maximum possible output when these improvements have been effected. I believe that 600,000 tons is a conservative estimate of the amount of steel that the Tata Iron and Steel Company will be producing in 1933-34. It is for that reason that the Tariff Board select 7 years as the period for which protection should be given. And, Sir, Government propose, if this House agrees, to accept that period for the scheme of protection. There are several reasons why we should do so. First is the very practical one that if we do not accept the period of protection proposed by the Tariff Board, all the Tariff Board estimates go wrong. The next one is—and this is a very important one—I mentioned just now that you are not going to get the full value out of your policy until you attract new capital and get new firms to engage in the Steel Industry. It takes a long time, as the Tariff Board pointed out in its first Report, for a new firm to get steel works going and to get them into full production. For that reason, again, it is advisable to have as long a period of protection as you can. Again, the longer the period of protection, the lower the rates you can legitimately apply. The shorter the period, the higher they must be. And finally, there is the hope—I do not put it higher than that—there is the hope that by 1933-34 we shall have attained our end and we shall be able to dispense with protection, and leave the steel industry of India to stand alone. For these reasons, Sir, Government accept the period of 7 years for this scheme which we are putting forth.

Now, Sir, I do not propose to take up more time than I can help in dealing with the Tariff Board's estimates as to fair selling price and import prices. What they had to determine was the fair average selling price for a period of 7 years. Now, the selling price of course means the works cost *plus* an allowance for overhead, *i.e.*, depreciation and interest on working capital *plus* an allowance for manufacturer's profit. When they were dealing with the works cost the Tariff Board had at any rate one known figure to go by. They had the actual works cost of the Tata Iron and Steel Company in August, 1926. Then they proceeded to make as careful an estimate as they could of the works cost of the Company in 1933-34 and in most of the articles they dealt with, the arithmetical mean between those two figures gives you the average works cost during the period. I am quite prepared to admit that there are certain assumptions in these works costs which had to be met. There was the assumption that the price of coal would not be materially increased against the Steel Company. There was the assumption that wages would remain more or less upon their present level, and also the Tariff Board took into account—and this is a very important point—the fact that certain economies were well within the reach of the Steel Company and they assumed that these economies would be carried out. And, finally, they assumed that the scheme of improvement to which I have already referred would also be executed. That is a vital point. All the estimates of the Tariff Board and the adequacy of the scheme of protection they have proposed depend upon the Tata Iron and Steel Company, carrying out that scheme of improvement. Then, Sir, I turn to the allowance for overhead and manufacturer's profit. These, of course,

depend very largely upon the valuation of the fixed assets. The House will remember that the property, apart from the collieries, stands in the books of the Company at something like 19 to 19½ crores. When the Tariff Board examined the matter in 1924, they came to the conclusion that this sum was far in excess of the real value of the property, and far in excess of the profit earning capacity of the property, and having reference to prices at that time, they in effect wrote down the value of the block for the purpose of their estimates to 15 crores. Well, Sir, they have carried out the same process now. They have re-examined the whole matter in the light of present day prices and they have come to the conclusion that the value of the block for the purpose of their estimates ought to be written down further to 12½ crores. That, Sir, may seem rather a drastic procedure. But I should just like to explain very briefly, by reading out a short passage from the Tariff Board's first Report, the principle on which the Tariff Board have worked. They say:

"Throughout our inquiry we have been conscious of the difficulty created by the fact that there is only one firm in India manufacturing rolled steel. Inevitably we have had to concentrate our attention on the affairs of one company, but we have not been insensible to the necessity of a wider outlook. Our estimate of the capital expenditure on which the sale of iron and steel must provide a fair return, if the industry is to flourish, and on which the allowance for depreciation must be calculated, is not the actual expenditure of the Tata Iron and Steel Company, but the expenditure which, to the best of our judgment on the data available, any manufacturer of iron and steel on the same scale would have to incur. Similarly our estimate of the working capital required is essentially a calculation of the extent to which a manufacturer of iron and steel under Indian conditions must incur expenditure in anticipation of receiving the price of his finished goods."

That, Sir, as I say, is the principle on which the Tariff Board worked, and that principle is merely this, that we cannot properly ask the consumer in India to pay for the misfortunes or miscalculations of the Steel Company. As a result of this the Tariff Board have been able to reduce the allowance made for overhead charges and profit from something like Rs. 58 a ton, which was the figure which was adopted in their first Report, to rather less than Rs. 39 a ton. That, Sir, is I think a very satisfactory reduction. And the net result will be found in paragraph 77 of the Tariff Board's Report where they give their estimate of the fair selling price of Indian steel—I will just read some figures in order to make one point clear. They find the fair selling price of rails to be Rs. 118 a ton, of structural sections to be Rs. 120 a ton, bars Rs. 129 a ton and plates Rs. 133 a ton. When we remember that in its first Report the Tariff Board calculated generally the fair selling price to be Rs. 180 a ton I think that we can regard those figures as extremely satisfactory.

Now, Sir, I come to the other side of the calculation. The House will remember that what we are trying to get at is the difference between the fair selling price and the import price. I have dealt with the fair selling price and I now come to import price. That obviously is a very much more difficult proposition. In making their estimate of the fair selling price the Tariff Board were on comparatively definite firm ground. They had at any rate some known figures to go upon. But when you come to try and forecast the average level of prices at which steel of different kinds will come into India over a period of seven years it is quite obvious that you are up against a very difficult proposition, and the difficulty is complicated by various factors. In the first place we import steel into India both from the United Kingdom and from the Continent. I want to stress that point because it becomes of importance

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later on. The House may take it from me that our imports from countries other than the United Kingdom and the Continent of Europe are so negligible that we need not take them into account at all. In addition besides importing steel from the United Kingdom and the Continent there is a gap in prices between the two classes of steel and also the steel is of different quality. The steel from the United Kingdom is of a higher quality as a rule than the Continental steel. Therefore, the Tariff Board find it convenient to consider separately first the prices at which British steel is likely to come into India and secondly, the prices at which Continental steel is likely to come into India. The British steel prices afford no particular difficulty. The Tariff Board take the average level of prices in the first four months of 1926. They discuss them and come definitely to the conclusion that those prices may be fairly taken as representing the average level of prices which is likely to prevail in the seven year period. There may be fluctuations either up or down, but according to the Tariff Board they are likely to be small fluctuations, the sort of fluctuations that will cancel out over a seven year period. But when you come to the Continental steel, then the case is entirely different. The Tariff Board say that though the fluctuations likely to occur in this seven year period are not likely to be so great as the fluctuations in the last three years, yet they say that these fluctuations will probably occur,—and they say quite definitely that there are so many factors making for instability of import prices of Continental steel that it will be quite unsafe to frame any scale of duties on the assumption that any level of prices you might adopt would prevail over the whole of the seven year period. They absolutely decline to make any forecast or prophecy as to the course of Continental prices over the period of protection. They are quite prepared to base their estimates of the protection required by the Tata Iron and Steel Company against Continental steel upon the average level of prices prevailing in the first four months of 1926. But they tell us quite definitely that the difference between those prices and the fair Indian selling price merely gives the measure of protection required now and that they are unable to say whether that amount of protection will prove adequate or inadequate or altogether excessive over the whole 7 year period.

Now, in paragraph 89 of their Report they give a table showing their estimate of the fair selling price of the various products made by the Steel Company and the prices at which those articles are likely to be imported from the United Kingdom and the Continent respectively. The point I wish to make there is, if the House will compare those figures, they will find that the gap in almost every case is greater than could be bridged by a mere revenue duty of 10 per cent. *ad valorem*. That means to say, that if the House accepts those figures they must answer the first question I have put to them in the affirmative, namely, the question whether further protection is required. The Government certainly take that view. We have no doubt whatever that on the basis of these figures we must continue to protect the Indian steel industry, and I do not think that that decision will cause any surprise or any difficulty in the House. I think those Honourable Members who were present in this House when we passed the Steel Industry (Protection) Act in 1924 will bear me out when I say that not one of us had any expectation that after a period of three years we should be able to take away protection altogether and leave the industry to stand alone. Therefore, I ask the

House to accept the first proposition, namely, that protection to steel is required.

I come now to the much more difficult question of the method or the form of the protection. As regards those articles which are imported only from the United Kingdom there is no difficulty. It is merely a straightforward comparison between your fair average selling price of the Indian product and the price at which the articles are likely to be imported. I take two typical instances. First let me take rails. The Tariff Board tell us that owing to the reconstitution of the European Railmakers Association in the middle of last year it is extremely unlikely that Continental rails will be imported into India in the future and the only competition that we are likely to get is from the British firms. They have made their estimate of the fair selling price of Indian rails, that is, after making allowance for freight, at Rs. 118 a ton. They find that the average import price is Rs. 105 a ton and that the protection required is Rs. 13 a ton. Our present rate of duty upon rails is Rs. 14 a ton and in addition we have given bounties at Rs. 32 a ton during 1924-25, Rs. 26 a ton during 1925-26, and Rs. 20 a ton in the current year. The Tariff Board now propose that these bounties should be discontinued and that the rate of duty should be reduced from Rs. 14 to Rs. 13. I myself think that having regard to the well being of the community and the interests of the consumer that is a very satisfactory result. The Tariff Board couple their recommendation with the suggestion that the Railway Board should buy all its requirements of rails from the Tata Iron and Steel Company over the 7 year period at a price of Rs. 110 a ton. Well, the Railway Board have made an offer to the Tata Iron and Steel Company on those lines, but we have not yet come to any final decision in the matter. The Steel Company feels rather shy—quite naturally in view of the criticisms that were made in 1924 on their long-term coal contracts—the Steel Company feels rather shy of entering into long-term contracts, but as I have said no final decision has yet been arrived at. Another typical instance is galvanised sheet. The House will see that in accordance with the recommendations of the Tariff Board we propose to remove altogether the duty on spelter which is a very important raw material for Indian industries. And as a result of that measure we are able to reduce the duty, or to propose rather that the duty should be reduced, on galvanised sheets from Rs. 45 a ton to Rs. 30 a ton. Rs. 30 a ton is equivalent at present prices to an *ad valorem* duty of 12½ per cent. Seeing that the ordinary revenue duty is 10 per cent. the House will see that we are very nearly back in respect of galvanised sheets and also in respect of rails to the ordinary revenue duty. I should just like to congratulate my friend Mr. Neogy on this result. I remember that when I moved the Steel Industry (Protection) Act in 1924 Mr. Neogy was very anxious to get a reduction of the duty on galvanised sheets, but in order to leave the scheme of protection intact he withdrew his amendment. Now he has the reward of virtue. Not only am I able to say that the duty we imposed in 1924 has in no way injured his friends in Bengal, on the contrary our imports of galvanised sheets were an absolute record in 1925-26, bigger than ever before, but also we are able to reduce the duty on galvanised sheets to what is very nearly the revenue duty.

It is when we come to the treatment of articles which are imported both from the United Kingdom and from the Continent that we get into difficulties. Of these articles I might take as typical structural sections, bars,

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plates and sheets. I should like to restate the problem in my own way. I have already pointed out the difficulty we are in arising out of the fact that the Tariff Board are totally unable to give any forecast as to the future level of Continental steel. They have absolutely declined to commit themselves to any forecast under that head. Then, Sir, they treat British steel and Continental steel as being different classes of steel. They tell us that to all intents and purposes British steel is equivalent to standard steel and Continental steel is equivalent to non-standard steel. That is to say, British steel is almost invariably up to British standard specification; on the other hand, Continental steel is ordinarily sold in this country without any guarantee of quality at all, and when it is sold upon the basis of a certificate certifying that it is up to British standard the Tariff Board say quite definitely that the general user of steel in India has no means of testing the value of that certificate. That is a very important statement and I went round to the Indian Stores Department and asked them to confirm it. They said that they could absolutely confirm it; indeed one of the officers of the Stores Department told me that the Stores Department definitely had to abandon buying in this country Continental steel on the basis of the certificate certifying it to be of standard quality, because he said they almost every time they had done so had got into trouble with their clients. British steel is more reliable in quality, in accuracy of rolling and in strength than Continental steel. For that reason to some extent it serves a different demand. British steel is used wherever you require a high factor of safety; that is to say, it is required for all purposes connected with the industrial development of India, big factories, railway bridges, public works of all kinds, and also it is used almost entirely by the big engineering firms for fabrication. But, and this is another important point, there is a certain overlap between British steel and Continental steel, or what I may call standard and non-standard steel. If British prices exceed Continental prices by more than a certain figure, which the Tariff Board put somewhere in the neighbourhood of Rs. 7 a ton, then you find that Continental steel tends to displace British steel. Now the steel industry competes with both classes of steel. We have at Jamshedpur a Metallurgical Inspector to the Government of India and owing to the work of that officer and his staff, the Iron and Steel Company can produce standard steel, and it does produce it. Only the other day we were able to buy from the Iron and Steel Company 8,000 tons of steel required for the rebuilding of the Nerbudda bridge on the Great Indian Peninsula Railway which had been washed away in the floods. But it also makes steel which it sends out without any guarantee of quality and which steel competes with Continental steel. We can now appreciate the problem the Tariff Board found themselves up against. Their problem was to devise a scheme of protection which, while adequate for the Indian steel industry, would not impose an undue burden upon the consumer of either class of steel and which would not be inconsistent with the general well-being of the community. That is how the Tariff Board stated the problem for themselves. They proceeded to discuss six possible methods of solving this problem. It would take me too long to go through them all, but I will just mention them very briefly. They reject the idea of discriminating between standard and non-standard steel, because for practical reasons it is quite impossible to work a system of that kind. They decline to base their protection upon the prices at which Continental steel is likely to be imported because that would give

altogether excessive protection to the Steel Company. They have had to give up the idea of anti-dumping duties, that is to say, of having discriminating duties against countries which were sending steel at dumping prices because if you went in for that the inevitable result would be infringement of our most-favoured-nation agreements and disorganisation of our foreign trade. They discard the idea of bounties because they say that for a period of seven years it would be impossible to give bounties, or, as they put it, the financial objection is decisive. And by a process of elimination they come down to two schemes. They say that both of these schemes are practicable but they are only prepared to recommend one. One is called the average weighted system of duties and the other is a system of discriminating duty. The theory of the average weighted system of duties is this. You have in India Tata steel competing both with standard steel and non-standard steel. You try to estimate the proportions in which the Indian steel competes with those two classes of steel, and then, having regard to this proportion, you fix the duty intermediate between the rate of duty adequate to protect them against British steel and the rate of duty adequate to protect them against Continental steel, and you hope that by the application of that intermediate rate of duty you will be able to secure to the Steel Company its average selling price. That sounds difficult, but let me explain it by taking a concrete example, that of structural sections. The Tariff Board estimate the fair selling price of structural sections in India at Rs. 120 a ton. They tell us that British sections are likely to come in at Rs. 104 a ton; that is to say, the amount of duty you require is Rs. 16 a ton. They tell us that Continental sections are likely to come in at Rs. 86 a ton; that is to say the duty you require is Rs. 34 a ton. They estimate that Indian steel competes with British sections and Continental sections in the proportion of half and half; therefore, their intermediate duty is Rs. 25 a ton, midway between 16 and 34. The result of putting on a duty of that amount would be that British steel would come in at Rs. 129 a ton and Continental steel at Rs. 111 a ton, and the theory is that half the Indian steel would secure a price in the neighbourhood of Rs. 129 and half a price in the neighbourhood of Rs. 111 a ton. Thus for their structural sections taken as a whole the Steel Company would get an average of Rs. 120 a ton its fair selling price. That is the theory of the average weighted system of duties. But of course there is an obvious flaw in the argument. As the Tariff Board say, an estimate of the probable sales of Indian steel against British steel and Continental steel, respectively, is a very unsafe basis for a system of duties. For if your estimate of probable sales is wrong, or if it goes wrong in the course of your period of protection, then the whole basis of your system of duties goes by the board. For instance, as I have just mentioned, if the cost of British steel exceeds that of Continental steel by more than a certain figure, then Continental steel tends to displace British steel. Now under this system British structural sections will come in at Rs. 129, Continental sections at Rs. 111. Owing to this excessive disparity in price the tendency will be for the consumer in India, in spite of the higher element of safety in using British steel, to change over to the cheaper steel, and the result will be that a greater proportion of Indian steel will sell at the lower price, namely, 111, and a smaller proportion at a higher price, namely, 129. Therefore the Steel Company would not get its fair average selling price, Rs. 120, for its steel protection. It would get a good deal less. That is the first objection to this system, namely, that it is going to be inadequate for the Steel Company. The next objection is that it sends up unneces-

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this Act XIV of 1924, the whole of our tariff in regard to steel will get into confusion; and, therefore, we must get down to this job. But I have no desire in any way to rush the House into accepting to-day the principle of discrimination. The case of the Government is so strong that the more it is discussed the more we should be pleased, because, we are quite sure that the more the thing is discussed the more the merits of the Report of the Tariff Board will be brought into prominence. Therefore, all I ask the House to-day is to accept the principle that further protection is required. Everything else we can talk out in Select Committee. And, Sir, before I sit down I should like to say one thing more. I think in this matter of steel Government have tried throughout to identify themselves with this House. We are up here against a difficult position, but I have no doubt if we discuss it calmly and dispassionately in Select Committee, we shall be able to arrive at an agreement and I have no doubt also that the House will see that this scheme put up by the Tariff Board is the best scheme. Sir, I move. (Applause.)

Mr. President: Motion moved:

"That the Bill to provide for the continuance of the protection of the steel industry in British India be referred to a Select Committee consisting of the Honourable Sir Bhupendra Nath Mitra, Mr. M. R. Jayakar, Lala Lajpat Rai, Mr. M. A. Jinnah, Maulvi Mohammad Yakub, Mr. G. Sarvotham Rao, Sir Walter Willson, Mr. M. Ruthnaswamy, Mr. N. M. Joshi, Mr. R. K. Shanmukham Chetty, Mr. Jamnadas Mehta, Mr. M. K. Acharya, Kumar Ganganand Sinha, Babu Amar Nath Dutt and the Mover, with instructions to report not later than the 1st February 1927; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): May I move the addition of the name of Mr. W. S. Lamb to that Committee?

Mr. President: The question is:

"That the name of Mr. W. S. Lamb be added to the list of the Select Committee just proposed."

The motion was adopted.

Mr. M. S. Aney (Berar Representative): I move that the name of Mr. Ghanshyam Das Birla be added.

Mr. President: The question is:

"That the name of Mr. Ghanshyam Das Birla be added to the list of the Select Committee."

The motion was adopted.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I was a little disappointed in going through this Report of the Tariff Board. I particularly refer to paragraph 105 of that Report. Sir, this Tariff Board was presided over by an ex-Member of this House, a politician, yet the Tariff Board say with regard to Imperial preference: "We feel that we are not concerned with the political aspect of the case." Further on they say: "We do not feel debarred by political considerations from recommending it." I make bold to assert here that the Tariff Board by keeping political questions out of consideration have killed the very goose that laid that

golden egg—the Tariff Board. The Tariff Board was appointed on a vote of this Assembly to give effect to the policy of fiscal autonomy in India and I think they have made an initial mistake and throughout this report this initial blunder has been perpetrated.

Well, I listened to the speech of my Honourable friend, Sir Charles Innes, and I am glad to find that he wants to see that there is a certain amount of protection to Indian industries, particularly to Indian steel. My own impression is that Indian steel would not have come to this bad position if the manipulated system of currency in June 1924 had not forced the Assembly again to have recourse to a system of bounty instead of protection by putting a certain amount of additional duty on imported steel. For that the Government ought to be blamed and not we, the people. We wanted to protect our key-industry. The system of currency is such that the Government manipulate it in such a way as to kill our national industries. It disorganised the steel industry; we know it has disorganised our cotton mill industry and for that another Tariff Board have been appointed and we would soon have their Report. Of course, only yesterday, we had the Currency Bill before us and we are going to consider it, but that vicious principle, the manipulated system of currency, is at the root of everything. Instead of giving protection to our industries it obstructs the development of our industries. Sir, I am against the system of Imperial preference that is being introduced. That unfortunately happens to be the underlying principle of the recommendations of the Tariff Board. This House has passed various Resolutions for the last six years and Members have said times without number that there should be no system of Imperial preference or preference to the United Kingdom. I can consider any system of preference when I have got equal status in the Empire, when I have got Swaraj. I can consider no system of preference either to the United Kingdom or to any part of the Dominions until I am recognised as an equal member of the British Empire. If not, I would not consider it; I would rather see industries going down than keeping this system of Imperial preference to the humiliation of my nation.

I just want to go into detail as to what this differential system of duty may do. The Tariff Board have considered that question and in paragraph 104, page 58, they say that the additional cost of Continental steel imported through British ports will be such that people will not be induced to bring in Continental steel at the rate of duty specified on British steel as they expect transshipping charges would be too high. But I may say that for structural steel British engineering firms may receive orders from the railways and they will execute those orders on the Continent; and there is nothing to prevent them from shipping the goods direct or through British ships to India. If Indian and Continental firms combine and have their offices in London, Hamburg and Bombay and import Continental steel through British ships, they will evade the additional duty put upon Continental steel. That is one of the reasons why discriminating duties should not be levied. Who knows that there may not have been insinuation of prices by these combines, these steel importers whether British, Indian or Continental, and the invoices may be faked to avoid payment of duties?

One recommendation that the Tariff Board made was to ask the Government of India to recommend to the Railway Board to purchase their

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rails in India. I was very disappointed when I heard from my Honourable friend, Sir Charles Innes that the Government had not come to any decision.

The Honourable Sir Charles Innes: May I interrupt the Honourable Member. I told the House that we made an offer on those lines to Tata's and that it was Tata's who were making the difficulties.

Mr. B. Das: What I understand my Honourable friend to say is that a proposal had been made to Tata's; but for the last three years we have been pressing the Government of India and the Railway Board to make all their purchases for their requirements of iron and steel from Indian manufactured iron and steel; but our demand was not given effect to. I myself asked dozens of questions in this House and various Honourable Members have also raised the same question; but no steps have been taken so far to confine Government purchases to iron and steel of Indian manufacture. I will just refer to paragraph 181, page 72, of the Tariff Board's Report, where serious allegations have been made with reference to the purchase of rails against some of the Company-worked Railways. It states:

"For the first time we have had serious complaints as to the quality of our rails and we are informed that the latest specification issued by the Consulting Engineers, Messrs. Rendel, Palmer and Tritton, definitely states that rails made by the Basic Bessemer process will not be considered. The only object of this is to exclude rails of Indian manufacture as the Basic Bessemer process is not used in England."

By purchasing these Tata steel, Railways profited during the war and even after it. To-day world prices have gone down. They do not purchase Indian rails. They forget their past obligations to the Indian manufacturers and to-day they go beyond the recommendations of the Railway Board, beyond the inclination and desire of the Government of India, and make their purchases outside of India. Yet the Railway Board cannot control their action but say, "These are Company-managed Railways!" They have received crores and crores of rupees as guaranteed dividends from the tax-payers at a time when they could not earn any dividend on their subscribed capital. If the Government have some control over these Company-managed Railways they must insist that their first duty is to purchase Indian iron and steel, and those Railways, be they controlled by Companies or by the Railway Board, which do not buy Indian rails are criminally negligent of their duty. Crores of rupees have been squandered on these Railways to bring them up to their present level of successful undertakings, and yet they have repudiated their obligations to the tax-payers and to the country.

I will refer also to paragraph 129, page 171, where the Tariff Board refer to the "Anti-dumping" legislation that was requested by the Tata Iron and Steel Company:

"The claim is partly based"

Mr. T. Prakasam (East Godavari and West Godavari cum Kistna: Non-Muhammadan Rural): May I rise to a point of order. Is the Honourable Member in charge of this motion entitled to sleep in the House?

Mr. President: I do not think the Honourable Member is sleeping.

Mr. B. Das:

"The claim is partly based on the statement that the price of English rails offered in India has been below that at which similar rails have been sold to English railways."

The Select Committee will, I hope, look into these points, especially the allegations that have been made by the Tata Iron and Steel Company, and I hope they will call for a copy of the representation made by Tata's and go into details. I am not concerned with the Tata Steel industry. I want to see adequate protection given to Indian steel. I do not want to see that by the present Bill now put forward before the House, we are going back on the past decisions of the House itself and committing ourselves to any system of preference, be it Imperial or preference to the United Kingdom. That has never been our policy. We will not think of giving preference to the United Kingdom or the Dominions as we are at variance with all of them at present.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I heartily congratulate the Honourable Sir Charles Innes on the excellent statement which he has made on the subject of this Bill. He is also entitled to our grateful acknowledgment for the share he has taken in securing protection to the Indian iron and steel industry during the period of his office. The statement which he has made must have given much satisfaction to the House in so far as it has shown that the action taken by this Assembly has helped the Tata Iron and Steel Industry of India to a large extent in its fight against foreign competitions. So far as that is concerned I am sure all Honourable Members will join with me in expressing our grateful acknowledgment to the Honourable Member for Commerce.

But when I come to deal with the present Bill I regret I cannot agree with my Honourable friend. The Bill introduces a very important principle, that of preference to manufactures of the United Kingdom over those of the Continent. That is the clear issue writ large on the Bill. Read it from the beginning to the end, that is the most important point that stares you. In paragraph 3 of the Statement of Objects and Reasons it is stated:

"Following the Tariff Board's recommendations, the Bill provides for the imposition of differential rates of duty on certain iron and steel articles. Such articles, if of British manufacture, will be subject to a lower rate of duty—which the Board call the basic duty—and if not of British manufacture, to a higher rate of duty. It is the difference between these two rates which constitutes what the Board call the additional duty."

Now the question for us to consider is whether we are prepared to accept the principle of the preferential treatment of the manufactures of the United Kingdom. The reasons that have been advanced in support of this preferential treatment are, I regret to say, not of a character which would carry conviction to this House. In paragraph 101 of their Report, the Tariff Board say:

"It is obvious that a system of uniform duties will impose a heavier burden on the consumer of Standard British or Indian steel than would be imposed under a system of differential duties, and although, with the greater approximation of British to Continental prices, this burden has somewhat declined, it will appear that the amount is still appreciable."

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Then after mentioning the differences in prices of certain articles, they go on to say :

"We attach considerable importance to this aspect of the case, because the general user of steel has no organization by which, when Continental steel is certified to be of British standard, the value of the certificate can be checked. If, therefore, he wishes to use British Standard Steel, he must use steel of either Indian or British manufacture. Ordinary Continental steel imported into India is less reliable in quality, accuracy of rolling, and strength, than British Standard steel, and is for this reason unsuitable for use in the construction of large buildings, bridges, and other works, in which any defect may seriously endanger public safety. Any measure, therefore, calculated to discourage the use of British Standard steel, save in so far as this is essential for the protection of the Indian Industry, is clearly undesirable."

I did not know that it was part of the duty of the Indian Tariff Board to advise people in regard to engineering matters. I did not know that they were empowered by the terms of their reference to express an opinion such as they have expressed here on the comparative qualities of British and Continental steel. I do not know whether Continental manufacturers will agree to the proposition which the Indian Tariff Board have so positively laid down, that the ordinary Continental steel imported into India is less reliable in quality, accuracy of rolling and strength than British Standard steel, that it is for that reason unsuitable for use in the construction of large buildings, bridges and other works, and that to such an extent that its use in such buildings, etc., may endanger public safety. The Board then go on to say :

"A system of uniform duties would involve an increase in the cost of rolling stock, railway bridges, and other constructional work. Irrigation and water supply schemes would be more costly, and industrial development would be affected, since factory construction would be more expensive. Municipal corporations, in particular, undertake many works in which the use of Standard steel is essential. As examples we may refer to the recent construction of a large steel water main by the Bombay Corporation, and the project for the replacement of the Howrah Bridge."

They say further :

"The supply of cheap machinery is an essential condition of industrial progress, and for this reason the grant of protection to manufacturers of machinery to compensate them for the higher price of steel under a protective tariff, is likely to present serious difficulties. At the same time it is obviously disadvantageous to penalize the manufacture of machinery in India by the imposition of higher protective duties than are absolutely necessary, and to this extent a system of uniform duties would tend to retard industrial development in this country. Further, if Continental steel is sold in India at very low prices, the Indian industry may be forced in self-defence to lower its standards and, the quality of Indian steel might, in consequence, deteriorate."

I submit that all this is special pleading of a very poor kind, and it is not convincing. The point before the Tariff Board was—what were the kinds of steel which were in use in India; what steps were necessary to protect the Indian steel from the competition of the foreign steel that was imported into this country and used by the people. They have travelled beyond that consideration, and I submit, that they have gone wrong in giving so much weight to these ulterior considerations. It has not been suggested that Continental steel is so dangerous that its introduction into India should be discouraged by a measure such as has been suggested. It is not even now suggested that Continental steel should not be allowed to enter India because it is so unreliable that large buildings and bridges built with it might crack and give way. If it is so unreliable I think it should not be allowed to come into the country.

But nobody has said that Continental steel is so bad as that. It then comes only to this, that English steel is of a higher quality than Continental steel. I am quite prepared to accept that view, but does it follow that every Indian consumer should therefore be forced, should be coerced into purchasing British steel or Indian steel and no other steel? There are many people in India who would like to have those articles of English manufacture which are superior to articles of the same class made in Continental countries, but what is that man to do who cannot afford to pay their price? Are you going to say that no one shall wear any cloth except cloth of English or Indian manufacture? Are you going to say that no one shall own a motor car except one of English make because several honourable men believe that an English car is better than an American car? Are you going to lay down provisions of law to encourage or discourage the use of certain classes of articles by private individuals in the manner in which it is proposed to do it in the case of steel? One should have thought that this was unthinkable, and yet we have such provisions embodied in the Bill before us! The Tariff Board have clearly gone wrong in this matter and the Government have erred in following them.

I submit that the simple question before the House is, what is the measure of protection that Indian steel needs to-day. I agree with the Honourable Member in charge of the Bill that it is desirable to continue to give protection to Indian steel, and I am sure the whole House will agree that such protection should be given in the fairest way possible; but I strongly object to this principle of preference to the United Kingdom manufactures being introduced as it has been introduced in the Bill before us. If the question of preference to United Kingdom manufactures has to be taken up, let it be taken up as a matter to be discussed and considered by itself, for then all the considerations which can affect the question can be taken into account. But here the whole question is, what is the best way of giving legitimate protection to Indian steel? And I submit the best way should be found out without committing the House to the far-reaching principle of giving a preferential treatment to the manufacturers of the United Kingdom over Continental manufacturers. It has been said that the Tariff Board have examined all other alternative proposals and have rejected them. True. But when this Bill is before the House the House owes it to itself and to the people to carefully examine the opinion of the Board before it forms its own opinion as to whether it should or should not accept the principle of preferential treatment to the manufactures of the United Kingdom. Having given the matter my best consideration I submit that the House should make it clear that it is not prepared to accept this principle, and if it is not prepared to accept this principle, the Select Committee should be asked to suggest such other measures as may be adopted to give the necessary protection to Indian steel, eliminating this principle of preference to the manufactures of the United Kingdom. It is not for me to suggest here what would be the best course to follow. We have got very capable men on the Select Committee, and I have no doubt that they will be able to help the House with other acceptable proposals. I also suggest that if they consider it advisable, the Select Committee might invite members of the Tariff Board to discuss the matter with them and ask them to express their opinion with regard to the other proposals which may be brought forward before the Select Committee. I do not know that the

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proposal for uniform duties supplemented, where necessary, by a system of bounties, is entirely condemnable. I know of the strong opinion that has been expressed against a system of bounties, but we must adopt a system which will appeal to the people. What will the people of India say when you publish a Bill like this where you lay down that if an article is of British manufacture it is to pay a certain amount of duty, and that if it is an article of Continental manufacture, it has to pay a much higher rate of duty. Throughout the country you will make Indians think that you are forcing the Indian consumer to pay a higher price for Continental steel to encourage the use of British steel. If Continental steel can come into India at a cheaper cost than British steel, it is our duty to let it come in, except in so far as it competes with Indian steel which is manufactured at the Tata Iron and Steel Works. The English manufacturer knows what he has to cater for. If he finds that Continental steel is cutting him out in India, I am sure he has sense and strength enough to adjust his position. I am sure he is not going to be defeated easily by the Continental manufacturer. It is not part of the business of this Legislature to help the English manufacturer by preferential duties to enable him to sell his products cheaper here than the Continental manufacturer is able to do. I therefore submit that the question should be fully examined and some means should be devised by which, without giving preferential treatment to English manufactures, protection can be given to the Tata Iron and Steel Works to the extent needed. Speaking personally, I may say that, if no means can be devised for giving this protection at present, the matter should be postponed for some time. The fear that has been expressed by the Honourable Member in charge of the Bill that if we do not pass the Bill by the 31st March, very serious consequences are likely to follow, should not frighten us into a hasty acceptance of the proposals contained in the Bill. The proposals are of a very wide character, they are of a far-reaching character. To-day we are asked to give preference to manufacturers of the United Kingdom in the matter of steel. I do not know whether to-morrow we shall not be asked to give preference to the manufacturers of the United Kingdom in regard to some other article. I therefore submit that the House should express its opinion clearly on this question and should ask the Select Committee to consider what other methods may be adopted to achieve the object which we all have in view, namely, to give that protection to the Tata Iron and Steel Company which it may need without showing this preference to the steel manufactures of the United Kingdom.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhamadan Urban): Sir, I merely rise to a point of information. It is not for me to criticise the very able speech of the Honourable Member in charge of the Bill nor the Report of the Tariff Board. I simply want to know what we shall be affirming if we accede to the present motion. What is the principle of this Bill? Now under ordinary circumstances the principle is to be adduced from the Preamble. If we look at the Preamble it is confined to the very laudable object of continuing the policy of discriminating protection of industries in British India. But when one goes to clause 2 of the Bill one finds that the real object seems to be protection of articles of British manufacture which may be imported into India. Now all I want to know is whether it will be open to the Select Committee in considering the Bill to eliminate those words "not of British manufacture", or whether we shall be taken to have approved of

the principle of Imperial preference or British manufacture preference, whatever you may call it, by merely voting in support of the motion. If it is the former, of course my Honourable friend's answer will determine my vote on the point.

The Honourable Sir Charles Innes: Might I answer at once, Sir. Perhaps I did not make myself clear in my speech. I am not asking the House to-day to commit itself to anything more than the principle that further protection is necessary for the steel industry. I do not ask it for the moment to commit itself to the principle of discriminating in favour of British manufactures.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I also wish to associate myself with the view just expressed by my Honourable friend Pandit Madan Mohan Malaviya, that the House must set its face against the introduction of the thin end of the wedge—namely, preference to be given to goods of British manufacture. The policy of protection, if it is to be continued as I suppose it must be continued, must necessarily be one of protection independent of the question of the source from which the competition comes into India.

I find the Tariff Board does suggest several other methods of dealing with this matter. There are six methods they have been examining and out of these six methods I find two methods certainly can be suggested as alternative methods. The first method they suggest is the imposition of different duties according to the quality of the steel imported, as to which they do raise certain objections but I think the objections do not appear to be quite as valid as they wish to make out. Then the fifth method they suggest seems to me to be quite as easy as any method that can be devised, namely, the imposition of a uniform duty on steel imported from any source based upon the difference between a fair selling price and the weighted average prices for foreign steel. That would obviate any necessity for differential duties. I find that with regard to this method they observe in paragraph 100 of their Report:

“The weighted average system of duties has the advantage of simplicity in administration. With a single scale of duties for steel from all sources enquiries as to the country of export or of manufacture become unnecessary and delay in the Customs Department is reduced to a minimum. On the other hand it must be recognised that an estimate of the Steel Company's probable sales of standard and non-standard material during a period of seven years, is not a very secure foundation on which to build a system of duties.”

Many of the other objections to this fifth method which they have examined seem to me to be hypothetical. Whether they are right or wrong is not the question. I think it is a question of policy for the Indian Legislature to set its face definitively against any system of Imperial preference. Protection we must have for our own indigenous steel industry; but that protection must be so devised as not to introduce any kind of preference as between one set of articles imported from Great Britain and another set of articles imported from the Continent. It is quite obvious that the system of protection can be easily evaded if this system of preference is to be introduced. I have nothing to say upon the other matters, except that though I may congratulate along with the Honourable Member in charge of the Bill the Tariff Board on their admirable Report, my admiration is discounted by the fact that they think that this preference raises only a political motive and therefore for

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the purpose of giving protection to this steel industry they must introduce this system. This shows the disadvantage of having a Tariff Board of this description.

Pandit Hriday Nath Kusrna (Agra Division: Non-Muhammadian Rural): Mr. President, the principle underlying this Bill is the result of the recommendations of the Fiscal Commission; and whatever might have been the differences of opinion regarding it three years ago, considering that it has been in operation beneficially for the last three years, I hope no one in any quarter of the House will be disposed either to contest the principle of protection or the need for the continuance of protection to the steel industry. But while accepting the principle that underlies the Bill it is necessary to see in what manner the Bill seeks to enforce it. Now, the apprehension has already been given expression to that the phraseology of the Bill leaves it doubtful whether the system of differential duties that has been adopted in the Bill has been adopted on economic or on political grounds. Government, I am aware, can say that the system of differential duties proposed in the Bill is not the same thing as a system of preferential tariffs, inasmuch as this system will not, by increasing the competition of British standard steel with a similar description of Indian steel, be injurious to the interests of the consumer, or, by raising the general tariff, prove detrimental to the interests of the consumer. But it must be admitted that the language of the Bill is such as to make one suspect that things might in future be regulated not in accordance with the principle of quality but in accordance with the place of manufacture.

In the second place, Sir, the Tariff Board have argued that it is necessary to vary the duties only in the case of Continental steel as one may be practically certain that the prices of British steel and articles manufactured from British steel will remain pretty constant. But in so far as Continental steel enters into the manufacture of British articles one may ask whether it will not be necessary, should the prices of Continental steel fall, to increase the protection granted to Indian steel as against British-made steel. Again, the Tariff Board themselves recognise that the difference between the duties imposed upon British and Continental steel may lead manufacturers of Continental steel to ship their material in the first instance to an English port and have it reshipped from there to an Indian port, and in order to prevent this they suggest certain remedies. Now, I do not know whether those remedies will prove effective, or not; but it is possible that they may not. In these two cases, then, there is a possibility that we may have to raise the duty even on British steel. I would ask the Honourable Member for Commerce to tell us what are the reasons that lead him, in view of these things, to fix the duty on British steel for the period of seven years to which this Act will apply. Another thing to which I wish to direct the attention of the House is the fact that section 5 of the Steel Industry (Protection) Act of 1924 finds no place in the Bill before us. Now, that section dealt with the conditions which should be imposed on any company, firm or other person not already engaged at the commencement of this Act in the business of manufacturing any one or other of certain articles (steel rails, fish plates or wagons) before it should be entitled to receive any bounty. Now, it may be said that as the system of bounties has been condemned and as no bounties will be granted in accordance with this Bill, there was no

reason for the insertion of this provision in the new Bill. I know, Sir, that the Report of the External Capital Committee recommended by a majority that the imposition of the restrictions contained in section 5 of the Act of 1924 would be practicable only in case bounties were granted and should not be enforced in case a new firm came into existence by simply taking advantage of the general protective duty. I have read the Report of that Committee, but whatever force there might be in the objections of that Committee, it is clear that in the case of both existing and new firms, it is possible for Government to insist that the firms in question shall give facilities for the technical training of Indians in the manufacturing processes involved in the business. That certainly would not involve any interference with the conduct or management of the business in any way. In the second place, Sir, it is possible that new firms may come into existence or existing firms may begin to manufacture the articles mentioned in section 5. We have it from the Tariff Board that two companies have prepared plans for the manufacture of steel in this country. Now, one of them is a concern that existed before the Act of 1924 was passed, and I understand that neither of them was engaged in the manufacture of the articles mentioned in section 5 when the Act of 1924 was brought into force. If this is so, then in the case of these Companies, we could enforce at least some of the provisions of section 5. At the time when the present Act was under discussion in 1924, it was known that these companies were contemplating the manufacture of steel in this country and if with this knowledge the Honourable Member for Commerce accepted this section, I presume that he accepted it because he thought that it could be applied to them. From this point of view, Sir, I am unable wholly to condemn the method of imposing bounties. Bounties will certainly be, financially speaking, costly and the burden may by no means be a small one. In future we have to take into account the fact that this Act will last not for 8 years but for 7 years and that the quantity of steel that will be manufactured in India will increase substantially in future but it may be worth while to retain the system of bounties to a certain extent and incur additional cost in order to have the advantages contemplated by section 5 of the Steel (Protection) Act of 1924.

There are one or two other things, Sir, that I would just like to draw attention to before I sit down. The Tariff Board mentioned that the duty they have recommended on steel rails would be the proper duty only in case all the rails manufactured by the Tata Iron and Steel Company were bought by the railway companies. I hope Government have arranged with the railway companies for the purchase of the entire output of rails of the Tata Iron and Steel Company.

Mr. B. Das: Will they ever do that?

Pandit Hriday Nath Kunzru: I should like to know from the Honourable the Member for Commerce whether railway companies have been asked to purchase all the rails manufactured by the Tata Iron and Steel Company.

Sir Walter Willson: They have offered to do that.

The Honourable Sir Charles Innes: I just pointed out that I had already told the House that the Railway Board had made an offer of this kind to the Tata Iron and Steel Company and that the Tata Iron and Steel Company for the moment were unable to accept it.

Pandit Hriday Nath Kuneru: I am afraid I could not hear the Honourable Member when he said that in introducing the Bill.

The last thing that I wish to say is in connection with the Indianisation of the Tata Iron and Steel Works. The Tariff Board point out that the number of covenanted employees has been reduced from 229 in September, 1924, to 161 at the present time. Now, this is certainly a reduction of about 68. But it appears from the Report that about 115 men were employed after the Act was passed in May or June 1924. That being so, at the time the Act was being considered, there were 114 men employed. Their number has since been reduced by 17. In the year 1921-22 there were only about 73 covenanted employees. That means that in 2 years the number increased to 114 and since then it has come down by 17. It is not possible, Sir, to acquire technical knowledge and experience in a day.

1 P.M. But even so the rate of Indianisation adopted does not seem to me to be altogether satisfactory and I hope that the Tata Iron and Steel Company will take this matter into their further consideration.

Before I sit down I should like to say that while I have criticised the Tata Iron and Steel Company on this score I should not be understood because of that to underrate the national value of the efforts put forth by that Company to manufacture steel in this country. We recognise that the Company is engaged in national work and we are therefore willing to give it all the support that we can. But in order that it should be thoroughly national its efforts should be to place its management in the hands as far as possible of men trained in the country, and I trust that this point will be borne increasingly in mind by the Company in future.

Mr. T. Prakasam: Sir, the principle underlying this Bill is stated in the Statement of Objects and Reasons to be one of "discriminating protection of industries in British India". Again it is said that so far as this particular protection is concerned it would be extended only for a period of seven years. The Honourable Member has embodied the policy of discriminating protection in the Bill and in asking the House to accept it he was good enough to say that the House should accept it having regard to the position of India in the British Empire. The position of India in the British Empire is known to all of us. The position of India in the British Empire after six long years of struggle is known to every one. We have been told, notwithstanding the demands made for self-government, notwithstanding the sacrifice made by the country during the last six years, that India could not think of coercing the British Parliament. Well, we are here in this House and if we are to maintain our self-respect are we to pass this Bill accepting this as the principle? And on what principle, on what ground should there be any discrimination in favour of British steel or iron? How are they entitled, when we have not been able to persuade our British friends to agree with us even on small matters—even on a very simple matter of enforcing the attendance of a Member, who had been elected to this Assembly, who had been served with a summons from His Excellency the Governor General to attend this House but prevented—when we have not been able to enlist the support or the sympathy of that section of this House. We have not been able to enlist their sympathy on questions on which there could be no difference of opinion, with regard to the protection of our elementary rights of person and property. On what ground should the British have the right to ask us to adopt as a principle of this Bill that there should be discriminating protection so far

as British steel or iron is concerned. I should certainly say that we are anxious to be on equal terms and to deal on equal terms with the British when they deal with us fairly and justly. We shall certainly be ready to do it then, but not until then. I would implore the members of the Select Committee particularly and every one of the Members of the House, when we deal with the clauses of this Bill, to consider very carefully and decide in such a manner that India's interests, not only in regard to Tata's but with regard to the steel industry generally, are sufficiently protected. Are we to be taken in this matter of protection also step by step just as they are proposing to take us in regard to self-government. Therefore I say, Sir, on the first point, they are not entitled to claim it. Secondly—only seven years protection. Why? Because calculations will be made by experts as regards rates and sales and prices and all that. But are we not entitled to say here in this House and on this Bill that there should be protection for this particular industry, not for seven years only but until the need for protection ceases to exist. We all know the sufferings of this Tata Company since the starting of that great institution in India; how they have suffered I knew. And I also knew it from the late R. D. Tata himself, how he had secured some protection from Great Britain herself at an early stage. But it is a different matter now. This is a piece of legislation with a seven years' limitation, which is not necessary. Leave it unlimited. Are we to be fed with a spoon in regard to every little thing. Self-government we are not entitled to, and even protection for a small matter is to be doled out to us for a few years first, then another year and some more later. My friend here corrects me that that is only with regard to the rates. Well, rates mean protection as I understand it. I do not want to enter into small technical differences, but how is this seven years calculated? I have tried to understand a bit of these calculations so that I may be able to deal with that aspect also to some extent. When I say these things there is no desire on my part that any special protection to be given to this particular company should not be given; but if we have to legislate we have to do our duty in the best possible manner, and I would therefore request this House and the members of the Select Committee not to allow this Bill to pass with this basic duty as basic principle as it is stated here. It is stated here in the Statement of Objects and Reasons as follows:

"Such articles, if of British manufacture, will be subject to a lower rate of duty"—which the Board call the basic duty—

"and if not of British manufacture, to a higher rate of duty. It is the difference between these two rates which constitutes what the Board call the additional duty. Power is taken in clause 2 of the Bill to increase or reduce the duties on articles not of British manufacture, subject to the proviso that the duties on such articles shall not be less than the duties on similar articles of British manufacture."

It is ridiculous to put it in the Bill in that particular form and to ask this House to pass it into law. I therefore request you, Sir, not to do it.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, I shall begin on this occasion, as I did on the previous occasion when the question of steel protection was under consideration, by divulging my interest in steel protection as far as it affects the Tata Iron and Steel Company. I am a Director of that Company and as such still hold shares as I held in 1924. I do not rise to-day, Sir, to give on behalf of the Company any explanation or any reply to the various points which have been urged in the course of the debate. My first

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purpose for which I rise to-day is to tender, in my capacity as a Director of the Tata Iron and Steel Board, my congratulations to Government on their being able to-day to present to the Assembly a scheme for continuing the protection and on their being able to say to the public that the scheme which was started in 1924 has not been as bad a failure as it was apprehended at that time in some quarters. There is no doubt that in 1924, and for a year or two thereafter, the steel industry to which protection was afforded had to pass through some very trying times. The Honourable Member in charge, Sir, referred to various quarters in which credit for the present condition of the Steel Company is due, and I am sure that he will allow me to add to that by naming the late Mr. R. D. Tata, who stood the largest amount of brunt of those very dark days for the steel industry. I wish to add my tribute, Sir, to the many that have been offered to the Honourable Member in charge on the very lucid statement that he has made to-day. But such lucid statements from the Honourable Sir Charles Innes have been the rule, and if he did anything less, we should have been greatly disappointed. I only hope that when seven years later (should the Select Committee pass the Bill put before us), when the Member in charge of the Commerce Department brings before the Assembly a motion that protection to the steel industry be discontinued because the steel industry had established itself independently, I hope, Sir, that the Honourable Sir Charles Innes, if he is not then in the Government of India, may be present in the gallery here; and I am sure that he will be the proudest ex-official of the Government of India, for having ensured for India, during his term of office, this important basic industry and given it under certain circumstances of great strain to himself. So much for the personal part in connection with the Bill. But I cannot pass on to the next point without adding just a word about the Tariff Board, and especially the Chairman of the Tariff Board, Mr. Ginwala. I am sure that Members of this House will admit that the Report that is under the consideration of this House is on the same lines as the various other Reports of the Tariff Board—marked by great thoroughness, great clarity of treatment and especially by a complete view of the subject under examination from every possible aspect. My Honourable friend from Madras criticized the Report by saying that the Committee had overlooked the political aspect contained in one of the recommendations. There perhaps may be no difference of opinion that it has been overlooked. But, Sir, the Tariff Board have not been unconscious of it; in fact in paragraph 105 the Tariff Board themselves make it clear that they are aware that there is strong feeling against any preference either to the United Kingdom or any part of the Empire, but they say that they propose to look at the question from the point of view, pure and simple, of the economic aspect. It is true, Sir, that in this particular case if the Tariff Board had tried to take cognisance of the political aspect of the question it would have suited us on this side of the House. But it may be, Sir, that another Tariff Board might have liked to take a view of the political aspect of the question which might not have suited us; and after all does this House wish that a Board or a committee appointed for the express purpose of a scientific enquiry into a question should also take cognisance of the political aspect of things? (Sir Walter Wilson: "No.") I should have thought that we wished to reserve that to this House. That is one matter which the Govern-

ment of India at the very best could only be entrusted with for the purpose of putting forward their proposals. I am afraid this House would be very jealous of any Committee or any Department of the Government, barring the Government of India as a whole, taking any view on the political aspect of things. I hope that I have succeeded in making it clear to my friend Mr. Srinivasa Iyengar that the Tariff Board do not deserve any censure for having overlooked the political aspect of the question. It is for the House to do it and I hope the House will rise to the occasion and do what is right, fair and just in the best interests of India. With these remarks, Sir, I hope the House will endorse their tribute of great appreciation of the splendid Report that the Tariff Board have given us, so full, so complete and confined to the economic aspect of the question only. Regarding the preference part which is contained in the Tariff Board's Report, my own constituency, the Indian Merchants' Chamber have submitted to Government the opinion of the Committee in very unmistakable words and terms. The telegram which I had the honour of forwarding to Sir Charles Innes last Sunday afternoon said that the Committee of the Indian Merchants' Chamber did not approve of what they termed the backdoor way of preference. I am very glad that Sir Charles Innes in the course of his opening statement made it clear that the approval of the motion before the House, namely, reference to Select Committee, only involved acceptance of the principle that further protection was necessary for the steel industry and nothing further. The other question, Sir, is left open to be considered in the Select Committee and I do not wish to anticipate any of the various grounds which I am sure the Select Committee would take into the fullest consideration before they submit their report to the House. Accidentally and to my great relief I find, Sir, that I am disabled from acting on the Select Committee. I am not at all sorry for it. I wish the Select Committee the joy of the task that there is before them. The names that we have heard embolden me to hope that the Select Committee will give a report which will meet the case without sacrificing any of the various views and standpoints which have been put before the House, especially by my friend Mr. Prakasam and Pandit Madan Mohan Malaviya. I feel that I need not elaborate upon the reason why the Tata Iron and Steel Company are not able to complete or accept the offer of the rail contract which the Honourable the Commerce Member has referred. As he himself knows, there are various sound reasons why the Tata Iron and Steel Company cannot accept the offer with any alacrity but I do not think details about these transactions need be discussed on the floor of the House.

But I cannot conclude, Sir, without referring to a very remarkable part of the condition of the motion that is before the House. The motion, Sir, says that the Select Committee should submit their report by the 1st of February. Sir Charles Innes has told us that it is very necessary that this Bill should be passed, presumably by both Houses, before the 31st of March. I congratulate Sir Charles Innes on the great foresight with which he undertakes things in very good time, Sir. That is in smart contrast to what Sir Basil Blackett told us yesterday, he was going to do. But there also, Sir, I read something which I am afraid does not indicate to us that the two questions, namely, the question of ratio and steel protection, are being treated with even-handed justice. This Bill

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before the House, Sir, accepts the recommendations of the Tariff Board which are based on the 1s. 6d. ratio. If these proposals are accepted, I am sure that the Honourable Sir Charles Innes with his usual energy, as soon as the Select Committee's Report is in, will worry the Home Member to give him an early date and will get the Bill before the House; and if the Bill be carried, in view of the strong Select Committee which is being appointed, I am afraid that there is a very serious risk of the House being told later of the ratio of 1s. 6d. being approved by it in this Bill. The whole of this scheme of steel protection is based on 1s. 6d. If 1s. 4d. is approved it would mean too much protection for the steel industry. Indeed, Sir, and may I ask, not the Honourable Commerce Member, nor the Home Member separately, but the Government of India as they are represented here on the Benches opposite, whether this is the right way of getting a question settled which will affect every measure which will come before this House this Session. Why not get the ratio settled first and then get your Steel (Protection) Bill. If the 1s. 4d. ratio is passed by the House—and I will assume for a moment it does—the Honourable the Commerce Member will have to come back for an amendment of this Bill. Will the protection under the 1s. 4d. ratio be the same as the 1s. 6d. ratio? In a certain paragraph of the Report the Tariff Board themselves say that all the calculations are based on 1s. 6d. I would like the Honourable Commerce Member to tell us what the protection will need to be if the ratio happens to be 1s. 4d. Very little indeed, at any rate not such as will tax the consumer so heavily. I therefore feel that before this protection Bill can be considered by this House or can be disposed of by the Select Committee, the question of the ratio must be settled, and the question of the ratio must be brought up before the House for their serious consideration. Whether the Select Committee after what I have submitted will agree to go ahead with this question of the various duties without getting a clear idea of what the ratio is going to be, it is for them to decide. I think it my duty, Sir, at least to point out that there appears to me to be what I may call—it is a very appropriate word and it should not be understood to convey any reflection—a trap, and I do not think this House should fall into that trap. I hope things will be taken in the sequence in which they should be taken in matters fiscal and financial. The ratio must be settled first and everything else must follow that. I have pleasure in supporting the motion before the House.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadian): Sir, at this stage I rise just to make one observation because it seems to me that the distinction that has been attempted to be drawn between political and economic issues is simply gratuitous. In these days of silver bullets there is absolutely no distinction between political and economic issues, and if there is any at any time it is very faint. Political issues involve economic issues and economic issues involve political issues. The question of the exchange ratio as well as the question of the protection of the steel industry have both political and economic aspects, and it is very difficult to separate them. As I understood from the speech of the Honourable Member in charge of the Bill, the basic principle of this Bill is to continue protection to the steel industry which was adopted in 1924. The other question involved in this Bill is whether that protection can be made

effective without the differentiation which the Tariff Board has tried to make between Continental and British steel. It will be for the Select Committee to see whether that protection can be made efficacious without that differentiation and if not, whether they will prefer to make that differentiation or to reject the Bill as it is. That is a question for the Select Committee to consider and to report on to this House. I understand these two issues are both political as well as economic and therefore there is no use making any clear distinction between the two. The two things are interdependent the political and the economic issues; the basic principle of protection is accepted. The other question of differentiation will come before this House for discussion after the Bill has been reported upon by the Select Committee. The House will then decide whether protection can be given without differentiation or whether the Bill should be dropped altogether.

Sir Walter Willson: Sir, I did not see any intention on the part of other Members to rise so I thought I had better do so myself in case I was shut out, as I was on a previous occasion. But if I might, I would suggest to you that as it is nearly half past one, it might be for the convenience of every one if we take it after Lunch? As you will, I am quite ready to proceed.

Mr. President: The House stands adjourned till Half Past Two.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

Mr. President: The House will now resume consideration of the motion of the Honourable Sir Charles Innes

Sir Walter Willson: Sir, at the outset I need do no more than remind the House, as it is well aware, that I have already declared my personal interest in the Tata Iron and Steel Works on a previous occasion. I desire to join in the congratulations which have been passed and paid to the Tariff Board for their wonderful Report. Whether one agrees with it in whole, in part or not at all, it will I am sure be readily admitted that they have shown the greatest consideration to the tax-payer and to the Company, and they are convinced that the protection they recommend is the minimum that will prove effective. Their finding should do a great deal to allay the fears of those who thought that the introduction of any protective system in India at all meant despatching India, the steel and iron and other industries, on the downward path to ruin.

But there are one or two points in the Report on which I wish to offer a few observations. It says on page 19 that the coke ovens cannot at present turn out sufficient coke for the manufacture of pig-iron and it is thought necessary to provide additional coke ovens. I think that is hardly fair. So far as it goes, my experience is that any concern which tries to be directly self-supporting from start to finish is in great danger of having the overlapping of certain parts of its plant, and constant adjustments are always necessary. The point I wish to make here is, that a concern which receives so much protection and help from the public and from the

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tax-payer in the shape of these protective duties, which cause an increase in the price of steel which reacts upon the producers of coal and coke, should not grudge a modicum of profit to those whose business it is to produce both coke and coal and try to seize the last ounce of it for themselves. It is the case that all coal companies raise slack, that they have to dispose of that slack and many of them turn it into coke themselves at the point where it is raised and at a price which compares favourably with any price at which the Tata Iron and Steel Company can make it, after first carrying the slack to Jamshedpur. That argument is strengthened by the fact that it is admitted that the Tata Iron and Steel Company employ some 70 per cent. more men in the manufacture of their coke and pig-iron at Jamshedpur than the Indian Iron and Steel Company do, *vide* page 25 of the Tariff Board's Report.

Sir Charles Innes pointed out this morning, in one of those masterly speeches we are so used to from him, that we have paid by our grant of bounties 209 lakhs to the Tata Iron and Steel Company. I wish to do no more than remind the House, what I want them always to have prominently in mind—that Tatas themselves paid out in dividends between the years 1919 and 1922 Rs. 156½ lakhs, so that what has happened is that we have restored to the Company money which in my view their directors ought not to have paid out. They should have husbanded their resources, in which case the demand for protection would have been less when it came to us than it really was. At the same time, we were aware of that at the time, and we voted the protection in order to save the Company, which we have done; and it is a source of satisfaction to us to find that it has been successful and that we have now reached the stage of reducing the amount of burden to be placed on the tax-payer.

The Government attitude to-day varies somewhat from that of the past in so far as they have now found themselves able to accept the Tariff Board's finding *en bloc*, whereas on the previous occasions they brought before us a Bill somewhat modifying those proposals.

The only principle of this Bill is the continuing of protection for a definite period of seven years, and if we accept the principle of protection at all we must not quarrel with the seven years nor dispute that the protection must be effective. The Tariff Board also point out that this protection should be sufficient to encourage other Companies to start and develop, and I am sure we all hope that they will do so, since there is no better incentive towards efficient production than competition. It is very gratifying to see that the returns of the Company are steadily improving. Competition, however, will do more than tariffs to bring those matters to a high state of perfection.

I notice that no protection has so far been provided for the railway wagon industry, which at the moment is now open to this handicap. The actual import duty on the steel from which wagons are made or would be made is 17 per cent., whereas the manufactured wagon itself can now be imported at the duty of 10 per cent. That is, therefore, a matter which will probably come before us later to deal with. At the present moment, of course, wagons are in receipt of some bounty and I understand that there are still a few rupees in the Government locker to continue paying those bounties a little longer.

I do not wish to repeat the arguments that I made in the past about achieving these protective results by payments on the bounty system, only because that question has been fully gone into by the House and we have had to deal with it in other ways. But the Government in referring this particular question to the Tariff Board spiked any guns that the Tariff Board might have wanted to bring to play upon it by putting the responsibility upon them to suggest where the money should come from! I must also reserve for another occasion some remarks which I feel would be deserved in regard to the Tata Company's method of treating their shareholders. It has been said on behalf of the Company that the proposals which they recently made were due to the indication given to them by Government that some drastic reduction or change of their capital should be necessary. The point which I hope I will have another occasion to deal with will be the unfairness of differentiating in favour of the ordinary and deferred shareholders at the expense of the second preference shareholders only.

I next turn to the question which has been raised in this House, that these differentiating duties now proposed are in the nature of Imperial preference. Sir, paragraph 93 and the following paragraphs of the Tariff Board Report place one, I think, in a very strong position to defend these proposals on the purely economic grounds as stated. The Tariff Board make it perfectly plain that the Tata Steel Company produces "Standard steel". Now, it has been said and accepted so often in this House that if you are going to have protection at all you must make it effective, so I ask what would be the use of imposing a rate of duty which would sound all right on paper but would not provide your steel company with a market? Paragraph 93 says:

"that the Tata Steel Company produces British Standard specification, but the market for this class of steel is not sufficiently wide to absorb the whole of the Company's production."

What, therefore, would be the use of a merely paper rate of protection if it does not provide a market? Paragraph 95 makes it plain that, without a distinction in these duties, we should have to have the maximum rate of Rs. 30 per ton as the import duty instead of Rs. 19 per ton which the Tariff Board have found will be sufficient as a basic rate. It means simply that the price of Tata steel would be raised to the country and that every consumer would have to pay Rs. 30 per ton, Rs. 11 more than the Rs. 19 which the Tariff Board find will be quite sufficient, except when it is necessary to reserve some portion of the Continental market for Tatas. The Honourable Sir Charles Innes made that point as plain as he could. It only requires a little emphasis. Dismiss from your mind that it is a question of "British" steel, and take it only that it is a question of "Standard Steel" *versus* "Non-standard Steel". I do not think that it could be put in any simpler language than that. And the final reason for their finding seems to me to be very definite in paragraph 101:

"Nor can we overlook the fact that the Steel industry is a basic industry and any unnecessary increase in the price of standard steel will raise the cost of the raw material of other Indian industries."

In paragraph 102 there appears the remark, which we all know so well, that "the supply of cheap machinery is an essential condition of industrial progress". That, Sir, to my mind, makes it very very plain that there is no question of Imperial preference whatever, but simply a case of there being six methods of dealing with the position, of which the Tariff

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Board reject five in favour of the sixth. And having studied their remarks very carefully myself, I have come to the conclusion that the sixth method is the best of the half dozen.

Mr. M. A. Jinnah (Bombay City: Muhaminadan Urban): I hope it is not final.

Sir Walter Willson: Those, Sir, are, I think, the only remarks I wish to make at the present stage, except this that I am not enamoured of the idea that the Select Committee's Report should necessarily be in by the 1st of February. But if we are going to sit at all, by all means let us sit and get on with the work, and it will be for the House subsequently to say when our final conclusions should be reached.

***Mr. M. A. Jinnah:** Sir, at present I am not concerned so much with the various provisions of this Bill. So far as the principle of this Bill is concerned, I have no hesitation in accepting it as it was very clearly and lucidly explained by the Honourable Member in charge. It is no use my congratulating him, but I must say this that when I listened to his very interesting speech, even a layman like myself was able to understand the important issues involved in this Bill; and when a layman can be made to understand these within an hour's speech, having regard to the complexity of this question, I think, if I may say so, it is a very great compliment to the Honourable Member. (Applause.) Sir, I have come to no conclusions at all and I hope that my Honourable friend has not come to any final conclusion and will be open to conviction as I see his name appears amongst the members of the Select Committee. Therefore, I will not express any opinion at all having been privileged to serve on the Select Committee. At the same time, I am sure that the opinions expressed from the various quarters of the House will be of very great use to the Select Committee, and it is just as well that the Select Committee that you are going to appoint should be placed in possession of the views expressed from various quarters of the House.

Sir, two difficulties have been pointed out. One is, is this an Imperial preference or is it merely differential duties which are sought to be imposed on economic grounds? That is one controversy. The other controversy is the point of my friend Sir Purshotamdas Thakurdas. His point is that if the Ratio Bill—I will describe it as the Ratio Bill for the sake of brevity—if the Ratio Bill which is before this House and the question of the ratio is decided, then it will materially affect the decision of this House, because in that case it may not be necessary to have the duties which are proposed by this Bill. In other words, the protection which this Bill seeks to give by its provisions is based on the ratio of 1s. 6d., and, if eventually it is decided that the ratio should be 1s. 4d., it will make a considerable difference to the duties which this Bill proposes. The Select Committee I suppose must proceed with their work, and when they make their report it does not follow that this Bill must precede the other Bill. It will be entirely in the hands of the House to say that the further consideration of this Bill should be postponed until the other one is taken up. But for that reason we should not delay the work of the Select Committee, and therefore I am prepared to agree to this motion with one suggestion which is purely one from the

*Speech not corrected by the Honourable Member.

business point of view, and that is that it will not be possible as far as I can see for the Select Committee to make their report by the 1st February.

Mr. President: Does the Honourable Member wish to suggest any alteration in the date?

Mr. M. A. Jinnah: Yes, Sir. I am going to suggest that instead of the 1st it should be the 8th February, because I think this is an important measure and the Select Committee will not have sufficient time. Therefore, the amendment that I suggest is that instead of the 1st it should be the 8th February.

Mr. President: The question is that the word " 8th " be substituted for the word " 1st ".

The motion was adopted.

Mr. N. M. Joshi (Nominated: Labour Interests): I am one of those Members who had taken part in the debates not only on the general question of the policy of protection, but on the question of protection for the steel industry. It is not therefore necessary for me to make a very long speech on this subject, but I feel that it is necessary that I should with your indulgence reiterate very briefly some of the points which I had then stressed in my speeches on this question.

At the outset it is necessary to state that I am not one of those people who think that it is in the interests of this country to revert to the antiquated plough or to the charka. I strongly believe that it is in the interests of this country that industries on modern lines should be developed, but I believe also that these industries should be developed on proper and sound lines. I strongly believe that when we develop our industries all classes and communities in this country should derive their benefit. I also believe that the wealth produced in the industries should be more equitably distributed than it is to-day. Sir, I am not also against the principle of protection because I believe that there are countries in this world who still believe in a commercial war, and, as long as such countries exist, it is necessary for our country to take steps to protect its industries against those people who conduct commercial wars. But, Sir, I do not believe in the methods of protection which have been advocated in this House. I feel that the method of protecting an industry by means of a tariff wall is the worst method that the Government could have selected. In the first place the method of protecting an industry by means of a tariff wall is uncertain in its result. In the year 1924 we raised a tariff wall round our steel industry, but we found very soon that that tariff wall was insufficient to protect the industry. We had therefore to resort to another method of protecting the industry, namely, we had to give bounties to that industry. Why should we therefore prefer a method which is not certain of achieving the result which we have in view? Moreover, the method of protecting an industry by means of an import duty throws a burden upon those people who may not be able to bear that burden. It is true that the nation requires the steel industry. But, if the nation requires the steel industry, and if that industry requires protection, the burden of protection should fall upon those classes which are able to bear the burden of that protection. Unfortunately, when you impose import duties, you cannot discriminate between the class which is able to bear the burden and the class which is not able to bear it. From this point of view

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the method of protecting an industry by means of an import duty is undesirable. I would even prefer the method of protecting an industry by means of bounties, because the protection so given is in the first place a visible protection. Unfortunately, in our country a large number of people are ignorant and illiterate, and when protection is given to an industry they do not even understand what it means. They do not understand that in giving protection to the industry they are making a very large sacrifice. I have seen people who did not realize that the protection of an industry by means of an import duty means the imposition of fresh taxation. I have seen people who did not realise this. Now, from this point of view protection of industries by means of bounties is really in the interests of the country, because people in the country will realize that a particular industry is being protected at the cost of the nation. Then, secondly, when you protect an industry by means of bounties, it is possible for you to throw the burden of that protection upon such classes as are able to bear that burden. If for protecting an industry we require, say, 2 crores and 9 lakhs, as we required to protect this industry during the last three years, it is quite possible to raise that sum by increasing the income-tax by a very small proportion, and the burden of that protection will then fall upon a class which in my judgment is quite able to bear that burden. Moreover, Sir, there is great equity in throwing that burden upon that class. We in this House represent mostly those classes of people who pay income-tax, and if we by our vote are going to impose a burden upon the country for the protection of an industry it is better that the burden should fall upon those people whom this House represents. Sir, on account of these considerations I should have preferred to protect the steel industry by means of bounties. Sir, in my judgment, if an industry is a basic industry, a key industry, and the nation requires it, it is better that that industry should be controlled by the nation itself and not by private owners. I therefore think that all basic and key industries should be owned and controlled by the nation and should not be left to private enterprise. Sir, I therefore think that this steel industry which is considered to be a basic industry should be protected by the nation conducting that industry, owning it and keeping it under its control. Sir, if you adopt this method of protecting an industry it is possible for the nation to protect it adequately, because, if the nation makes sacrifices in order to protect this industry in a time of depression, it is possible for the nation to reap the benefit and share in the profits when prosperity comes. Unfortunately, under the present circumstances, you ask the nation to make sacrifices when the industry is in a depressed condition, but when the depression passes away and the industry becomes prosperous the nation will not, or at least may not, be allowed to share in the prosperity of that industry. Sir, it is quite possible, and I hope that

3 P.M. after a few years the old boom might re-appear and the industry may begin to give very large dividends. But it is also possible that after a few years a time of depression may come, and again this House may be asked to re-impose the protective duties. Now it is not right that any nation should make sacrifices for developing an industry without sharing in the profits of that industry. I therefore think that the method of nationalizing the key industries or the basic industries is the best method of developing industries and is also in the best interests of the country. Then, Sir, the method of nationalization will enable the nation to give adequate protection. After all, when you give protection to a private enterprise, there

will be a limit to the sacrifice which you may ask the country to make in the interests of that industry. But if the nation owns and controls the industry, the nation may, in the hope of being compensated in a few years, make larger sacrifices than it will make if the industry is in private hands. I therefore think, Sir, that in the case of the steel industry we should give up the policy which we are following at present and should adopt the policy of taking this industry under the control and ownership of the whole nation.

But, Sir, I fully realize that the House as constituted under the present circumstances may not be favourable to this proposal (Hear, hear). (*A Voice*: "Too advanced".) But it is quite possible for this House to follow the method which they approve of, with some modifications, and to take at least sufficient precaution to see that the country will not lose on the whole. It is therefore necessary that we should impose certain conditions upon those people who want to take the benefit of the policy of protection which this House has enunciated. The first condition that I would lay on those people who want protection at the hands of this House is that not only should the interests of those people who invest their money in the industry be protected, but the interests of those people who invest their human labour in the industry should also be protected. (Hear, hear.) I think, Sir, that that condition is an absolutely necessary condition to be laid on those people who want protection from this House for the industry. I hope, therefore, that this House before it passes this Bill will impose this condition. My colleague, the Honourable Member for Agra, has mentioned the omission of certain conditions from this Bill. I know, Sir, that the Honourable the Commerce Member may say that when you give protection by imposing duties on goods imported from outside, it is impossible for you to discriminate between those people who would obey these conditions and those people who do not. How are you going to punish those people who do not follow the conditions laid down? But, Sir, if the industry wants protection, it will be the duty of that industry to see that every one who gets the benefit of that industry will follow the conditions laid down by this House. It is possible for us to insist that those people who conduct this industry will form themselves into a federation or adopt any other kind of amalgamation so that all the conditions laid down by this House will be followed by those people who get the benefit of this industry. If they are unwilling to form a federation or if they are unwilling to form themselves into an organisation which can make the members follow the conditions laid down by this House, then certainly it is not the business of this House to give protection to those people who are unwilling to follow these conditions. I therefore think, Sir, it is quite possible for this House to impose certain conditions upon those people who want protection at the hands of this House. The first condition, as I said, will be that those people who invest their human labour in this industry should be protected. Then, Sir, I would lay down another condition and it is this, that those people who get the benefit of this policy of protection will not misuse this protection given to them. I will therefore lay down a condition that in the case of those industries which are protected a limit to the dividends to be given to the shareholders should be fixed. It is necessary that these industries should not come to this House again and again for protection. If we restrict dividends this industry will be placed on a sound footing. Then by restricting dividends it is possible for the nation to reap the benefit of the prosperity of that industry when the nation had made sacrifices for that industry when it was in a depressed

[Mr. N. M. Joshi.]

condition. I therefore think that before this Bill is passed this House should insist that in the case of this industry the dividends to be given to shareholders shall be restricted according to the discretion of this House. Then, Sir, I should also lay down a condition that the industries which are protected in the interests of the nation shall not be transferred to any foreign company or to people who have no interest in this country. It is quite possible that that industry which the nation had protected after a good deal of sacrifice may be transferred to foreigners or to foreign companies. It is therefore necessary that we should lay down a condition that this nation is not going to make sacrifices for people outside this country. If sacrifices are to be made those sacrifices ought to be made for the people in this country and not for people who are outsiders. It is therefore necessary that we should lay down this condition very clearly that any industry which is to be protected shall not be transferred to foreign hands. Then, Sir, I should also lay down a condition that those people who are in authority in this industry shall be Indians. I know, Sir, the interest this House takes in the Indianisation of the services. I therefore hope that this House will insist that the management of works or undertakings which are helped by this House by protection shall be Indianised at the earliest date. Sir, my colleague the Honourable Member for Agra mentioned this point and he pointed out that in the year 1921-22 the figures given by the Tariff Board are that there were 74 covenanted hands on the Tata Iron and Steel Works. Now, this was the year of the enquiry. The Tariff Board stated that the number of covenanted hands was going down. But when the enquiry was finished the number went up, and I again read in this year's Tariff Board's Report that although the total has gone up to more than 200, the number is again going down. Now, this House can very well see that whereas in the year 1921-22 the number of covenanted hands was 74 it is 161 to-day. I am quite sure that this House is not going to be satisfied with this kind of Indianisation. It is not Indianisation; it is quite the other way. I therefore hope that when this Bill is passed the House will insist that the industry which is to receive protection at its hands shall only be protected on the condition mentioned by me. With these words I support this motion.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): Sir, I rise to support wholeheartedly the principle of this Bill in so far as it seeks to provide for the continuance of protection to the steel industry by means of increased duties on imports. But at the same time I must make my position quite clear by stating that I am opposed to the system of Imperial preference which is sought to be introduced in the Report of the Tariff Board and the Bill. Reading the summary of the Report I find this at page 98:

"Competition in certain products comes almost entirely from the United Kingdom, and in others from the United Kingdom and the Continent. We regard it as probable that the prices of British steel in the future will be fairly stable, but the course of Continental prices cannot be foreseen. On economic grounds, therefore, it is advisable that two scales of duties be imposed, a basic duty fixed with reference to the price of British steel and an additional duty based on the margin between British and Continental prices, allowance being made for the difference in quality between the two kinds of steel. The basic duty will be levied on steel coming from all countries while the additional duties will be confined to non-British steel."

Sir, in this short paragraph two statements have been made for which I find no justification in the body of this Report, so far as I have read

it: one is the reference that the price of British steel in the future will be fairly stable, and the other is that there is a difference in quality between the two kinds of steel of British and foreign manufacture. I am glad to see that the system of bounties is not sought to be introduced into this Bill.

With regard to the point sought to be made by my friend Mr. Joshi, I shall refer him to page 99, paragraph 18, which says:

"The conditions of employment of Indian labour at Jamshedpur are found to be satisfactory, and good progress is being made in the appointment of Indians to the higher technical posts."

I hope these two points will not be overlooked.

I shall also commend to the Honourable the Commerce Member the following recommendation of the Tariff Board (page 99), which says:

"It is essential in the interests of the Indian industry that railways should encourage the use of Indian structural steel by revising the designs for bridges and other structures so as to permit of the utilization of the maximum amount of steel manufactured in India."

Sir, I will make only one remark at this stage. I am glad that the Honourable Pandit Malaviya and Lala Lajpat Rai have taken the earliest opportunity of speaking in support of this Bill, because judging from the literature which went out in their names during the last few months the public were led to believe that these gentlemen were opposed to the system of protective duties. I hold in my hands a Hindi leaflet which purported to have been signed by Pandit Malaviya and Lala Lajpat Rai. It was distributed broadcast during the elections, and there is . . .

Mr. President: Order, order. The Honourable Member is absolutely irrelevant.

Mr. Gaya Prasad Singh: I was only going to say . . .

Mr. President: Order, order. The Chair has ruled that the matter the Honourable Member is referring to is entirely irrelevant.

Mr. Gaya Prasad Singh: I will make no reference to this leaflet, but merely say that a section of the public were led to believe that these two gentlemen were entirely opposed to the last Tariff Bill which we passed. (*Some Honourable Members:* "You are wrong there.") I have got the leaflet and will make a present of it to you. I do not want to make any further reference to the matter.

Mr. M. R. Jayakar (Bombay City: Non-Muhammadan Urban): Sir, I rise to make a few observations on this Bill and I do so with considerable hesitation, as a layman, in a short speech which I propose to make with the view of finding out more facts and also of stating my position clearly because I have agreed to be on the Select Committee of this Bill.

First of all I must congratulate the Government on their wonderful despatch—and I hope we shall have many instances to congratulate them in a similar manner—with which they have embodied the recommendations of the Tariff Committee in this Bill. From the dates I find that the Report was made on the 14th December, 1926, and the Bill is dated the 14th January, 1927; that means within a month. May we hope, Sir, that similar despatch will be shown by the Government when other Bills are on and other reports are to be considered.

[Mr. M. R. Jayakar.]

The one feature of the Bill which I think should be very clearly discussed in this House is the one which the uncharitable critics of the Government of India have described, and will describe, as the backdoor way in which preference is given to British articles. It is supposed, speaking from the point of view of distant Bombay from which I come, that the Government of India are in the habit of presenting to the people many unpleasant alternatives by impaling them on the horns of a dilemma. We had one instance of it yesterday, when my Honourable friend, the Muhammadan Member for Bombay City stated, what is regarded as a very extensive apprehension on my side of the country, that the Government of India desired to put this House in the position, when the Budget comes up, of being asked to accept one of two unpleasant alternatives, namely, a ratio of 1s. 6d. or a deficit. My Honourable friends will recall Mr. Jinnah's speech yesterday in which he voiced this apprehension in very clear terms. The same uncharitable critics, Sir, are apprehending that it is very unfortunate that the Government are presenting this Bill in which we are asked to support the key industry of this country, namely, Tata iron and steel, only on the condition that we agree to give preference to British articles. Though a politician, I may state clearly that I am not afraid of giving preference to British goods, but I do think, with all the sincerity I can command, that we should agree to give such preference only for an adequate price. I do think in the first instance that to allow British preference to creep in by a side door is objectionable. Secondly, to allow it to come in for such a small price as a little protection to the Tata's is politically inexpedient. I do think, Sir, that this is too small a price to be paid by Britain for obtaining preference for British articles. I will say, as a politician, that if I was sitting at a round table and bargaining for my country and the British agreed to pay an adequate price, *e.g.*, if they agreed to remove all the British soldiers from India or to Indianise all the services within five years, I would be the first man to accept preference for British articles. There is no doubt that the Government are surreptitiously introducing a far-reaching principle by a backdoor. So far as I remember, the principle of foreign preference was ruled out by the Tariff Board in a previous report. I have not the book before me. We unfortunately suffer from a lack of books here, I think I am right—if I am wrong I wish to be corrected—in saying that in a previous report the Tariff Board definitely ruled out all idea of giving preference either to Britain or to the British Empire, and I am surprised, Sir, that the same principle has been now recommended as a condition on which alone our steel industry can receive protection. There are a number of other questions which I should have liked to ask, but I propose to reserve them as I happen to be on the Select Committee and I shall have a chance of putting them to the Honourable the Commerce Member. But one or two of these questions I will propound here so that we may have the answers in the speech the Commerce Member will make in reply to this debate and we shall know in the light of those answers how to shape our conduct accordingly.

I find in this Bill there are one or two assumptions made which I think are unjustified. I do maintain, Sir, that the danger of dumping Continental goods into India seems to me, as a layman, to be somewhat exaggerated. I should like to ask the Honourable Member for Commerce whether there is any embargo or ban placed in England upon Continental

goods, or whether the public in these Continental places endanger their safety by the use of these articles of steel for the purpose of constructing bridges, etc. I think it is special pleading—that particular paragraph in the Tariff Board's Report where they speak of the danger to public safety in employing non-British steel. Likewise, have proper safeguards been provided in the Bill against dumping? Supposing British merchants realise that in India their goods are accepted on better terms than elsewhere, and supposing they satisfy all their indigenous needs by the employment of Continental steel, reserving all the British steel to be shipped to this country, what provision is there in the Bill against such dumping? The Report of the Tariff Board contents itself with the pontifical remark that according to modern economic science it is impracticable to devise any way of preventing dumping. I say this is pontifical, just like their remark about Counties being antiquated. What we as laymen want to find out, and I hope the Honourable the Commerce Member will suggest this when we come to close grips in the Select Committee is, what provision is made here against such contingencies. Supposing British made articles of steel gradually deteriorate from the standard level which is spoken of in the Bill, what happens then? Supposing, on the other hand, Continental countries ship their steel to England because England is to be preferred and through England they ship their goods to India and consequent dumping follows, what provision against this is made in the Bill? I find none and I shall ask the Honourable the Commerce Member when we meet in the Select Committee what provision he suggests. I submit, Sir, that these questions are very important. Two or three of them I have sounded here with a view to getting some reply when the Honourable the Commerce Member replies to the debate. The others I shall reserve till the time when we meet in the Select Committee.

I must conclude by congratulating the Honourable the Commerce Member on the wonderfully lucid speech which he made and which I followed very carefully so far as it was possible to do so at this distance. I do hope the Select Committee will bear in mind all the points which have come out in the course of this debate and that the Bill will come back to this House in a considerably better form than it is now.

(Several Honourable Members moved that the question be put.)

Mr. President: The question is that the question be now put.

The motion was adopted.

The Honourable Sir Charles Innes: Sir, I think the course of this debate shows the wisdom of the course which I have elected for, namely, that at the present moment the House should only commit itself to the principle that further protection is required and that for the rest we should talk out the matter in Select Committee. The speech we have just heard from Mr. Jayakar is an example of what I mean. Mr. Jayakar has put to me some very pertinent questions. He has asked me, for instance, "What is going to happen supposing British steel in the course of the next seven years deteriorates from its present high quality?" He has asked me: "What is going to happen supposing British steel makers import their semi-finished material from the Continent? How are they going to keep up to quality of their steel?" Now, Sir, those are very difficult and technical questions. To me it was obvious that these questions would be asked. I have had the answers worked out; I have got

[Sir Charles Innes.]

them, but as I have said they are intricate and they are technical matters, and it will be very much simpler for me to discuss them across the table of a committee room than across the floor of this House. And, Sir, the same remark applies to almost every other question that has been raised in the course of this debate. As far as the Government are concerned, as I said, we are so perfectly satisfied with the strength of our case that we are only too willing that the case should be probed, explored and sifted in every possible way.

The only point that I wish to take up in the debate is the suggestion of Mr. Jayakar that we are trying to introduce preferential treatment by a backdoor. I am not going to discuss the question of preferential treatment here; I do not admit there is any preference at all. I do not admit there is any preference in the sense in which that term is ordinarily used. But what are the facts? What are we introducing by a backdoor? The facts of the matter are that this matter has been examined by a Tariff Board, a Tariff Board consisting of two Indians and one European—Indians, I may say, who are just as keen and just as patriotic as any Member of this House. Those Indians have definitely recommended—they have definitely told us that in the economic interests of India they can only recommend one plan; and because we the Government have accepted that opinion, then, forsooth, gentlemen get up and say: "You are introducing preference by a backdoor." There is no backdoor about it at all; but as I have said I do not wish to detain the House now. We can discuss the whole of this matter in the Select Committee, and, Sir, I hope that the House will accept my motion.

Mr. President: The question is:

"That the Bill to provide for the continuance of the protection of the steel industry in British India be referred to a Select Committee consisting of the Honourable Sir Bhupendra Nath Mitra, Mr. M. R. Jayakar, Lala Lajpat Rai, Mr. M. A. Jinnah, Maulvi Muhammad Yakub, Mr. G. Sarvotham Rao, Sir Walter Willson, Mr. M. Ruthnaswamy, Mr. N. M. Joshi, Mr. R. K. Shanmukham Chetty, Mr. Jannadas Mehta, Mr. M. K. Acharya, Kumar Gangannand Sinha, Mr. Amar Nath Dutt, Mr. W. S. Lamb, Mr. Ghansyam Das Birla and the Mover with instructions to report not later than the 8th February 1927, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

DATE FOR THE ELECTION OF THE DEPUTY PRESIDENT.

Mr. President: I have to announce that I have fixed the following days for the election of the Deputy President. Nominations to be handed in to the President not later than 3 p.m. on Friday, the 28th January. Election on Monday, the 31st January, after questions. In this connection I would invite the attention of members to the provisions of Standing Order 5.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 27th January, 1927.

LEGISLATIVE ASSEMBLY.

Thursday, 27th January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBER SWORN:

Rai Bahadur Tarit Bhushan Roy (Bengal Mahajan Sabha: Indian Commerce).

QUESTIONS AND ANSWERS.

CLOSING OF THE REST CAMP FOR BRITISH TROOPS AT DEOLALI

1. ***Mr. N. C. Kelkar:** (a) Will Government state whether the creation of the Deolali rest-house for British troops and officers was a war measure?

(b) What is the total number of men and officers who availed themselves of it annually and the total annual cost incurred on its maintenance?

(c) For what period was the rest-house continued after the cessation of the war and for what purpose?

(d) When do Government propose to close it?

(e) Will there be any additional expenditure, by reason of its closure, under any other departmental head?

(f) What will be the total saving by such closure?

(g) Why was this saving not secured much earlier?

Mr. G. M. Young: (a) Before the War Deolali was one of a chain of rest camps maintained for troops, particularly those moving to and from ports. During the war, this rest camp was expanded to deal with the increased number of troops proceeding overseas and returning.

(b) I am afraid that there are no figures to show the annual occupation of the rest camp during the war, but as many as 3,500 British troops have been concentrated in the camp for short periods. Figures of the total annual cost will take a little time to obtain. I have called for them and will communicate them to the Honourable Member in due course.

(c) The camp has been maintained on a reduced scale since the war for the use of troops passing to and from India.

(d) At the end of the present trooping season. It has already been reduced to a small nucleus.

(e) There will probably be a small increased expenditure on miscellaneous items, such as the fitting and hiring of additional military cars and kitchen cars; and an attached section at Bombay to deal with personnel unavoidably detained there.

(f) The net savings cannot be calculated at present but Government hope that they will amount to some lakhs.

(g) Because it took some time to return to normal trooping conditions after the war, and to introduce the system of direct embarkation and disembarkation. The camp could not be abolished until that system had been tried and found satisfactory.

ESTIMATED LOSS IN WORKING THE HINDUBAGH-FORT SANDEMAN RAILWAY.

2. ***Mr. N. C. Kelkar:** With reference to the statement "The loss in working the (Hindubagh-Fort Sandeman) line is expected to be fully covered by the saving in Military expenditure", occurring in the Memorandum on the Estimate for strategic lines, circulated with the Railway Budget for 1926-27, will Government kindly state the estimated loss in working?

Mr. A. A. L. Parsons: At present only the portion between Hindubagh and Qila Saifullah is under construction. The loss in working on this part, including interest on capital cost is estimated at Rs. 2,47,000.

ANNUAL SAVINGS ACCRUING TO THE ARMY BUDGET OWING TO THE CONSTRUCTION OF STRATEGIC RAILWAYS.

3. ***Mr. N. C. Kelkar:** With reference to the information given on August 18th, 1926, in reply to starred question No. 114, by Mr. Burdon that an annual saving of Rs. 1,35,000 would accrue to the Army Budget by the construction of the Hindubagh-Killa Saifulla Railway, will Government please give similar information, as far as it may be available, for the other strategic railways already in existence or in course of construction?

Mr. A. A. L. Parsons: No other strategic line except the Hindubagh-Killa Saifulla Railway is at present in course of construction. Information as to the annual savings, if any, which would accrue to the Army Budget owing to the construction of other strategic lines or the extra expense which their Budget would have to bear if those lines in existence had not been constructed, is not available, and I do not know how it can possibly be procured.

SALARIES OF THE CHIEF MINING ENGINEER AND HIS STAFF.

4. ***Mr. N. C. Kelkar:** With reference to the reply to starred question No. 292, printed at page 471 of the Legislative Assembly Debates, Volume VI, is any portion of the salary of the Chief Mining Engineer and his staff debited to the various Government Departments such as the Army Department, the Public Works Department, and Government Press for whom he acts as the agent for purchasing coal, and if not, why not?

Mr. A. A. L. Parsons: The Chief Mining Engineer's department charges other Government departments a fee of 9 pies per ton of coal purchased through him, for advice in regard to tenders and contracts, for carrying out inspection of supplies at the collieries, and for inspecting the shipment of supplies at the Calcutta docks. Government consider this arrangement more equitable than making a direct charge to each Government department for a portion of the salary of the Chief Mining Engineer and his staff.

RESERVATION OF FIRST AND SECOND CLASS COMPARTMENTS ON THE EAST INDIAN RAILWAY.

5. ***Mr. N. C. Kelkar:** With reference to the reply given on August 18th, 1926, to starred question No. 4, will Government kindly state the considerations which led to the introduction of the experiment of reservation from Howrah to stations on the East Indian Railway of first and second class compartments on payment of one fare less than the marked sleeping capacity?

Mr. A. A. L. Parsons: The experiment was made as a result of the request made at a meeting of the Local Advisory Committee, and in the expectation that it would result in increasing the Railway's earnings. The Agent has now decided to extend the experiment to all stations on the East Indian Railway subject to a minimum distance of 100 miles.

CHARGES FOR THE RESERVATION OF INTERMEDIATE AND THIRD CLASS COMPARTMENTS ON RAILWAYS.

6. ***Mr. N. C. Kelkar:** Is it a fact that intermediate and third class compartments are usually reserved on payment of fares equal to their marked *seating* capacity, while first and second class compartments are reserved on payment of fares equal to their marked *sleeping* capacity instead of their marked *seating* capacity; and if so, on what grounds is this distinction based?

Mr. A. A. L. Parsons: The answer to the first part of the question is in the affirmative, the reason being that seating accommodation only is provided for intermediate and third class passengers, while sleeping accommodation is provided for first and second class.

ANTICIPATED RETURN FROM THE BOMBAY-HOWRAH OVERLAND MAIL TRAIN.

7. ***Mr. N. C. Kelkar:** With reference to the construction at a cost of Rs. 7,40,000 of two rakes for the Bombay-Howrah Overland Mail train, will Government kindly state the anticipated return on the *total* (not additional) capital invested?

Mr. A. A. L. Parsons: We expect the receipts from the train to be about Rs. 2½ lakhs, or Rs. 46,000 more than the running cost and depreciation combined. This gives a return of 6.2 per cent. on the expenditure of Rs. 7,40,000. These are the best estimates I can make, but as the Honourable Member is, I think, aware, it is almost impossible to work out exactly the running cost of a particular train.

METHOD ADOPTED BY RAILWAY COMPANIES IN AMERICA SHOWING EXPENDITURE DISTRIBUTED BETWEEN PASSENGER AND GOODS WORKING.

8. ***Mr. N. C. Kelkar:** With reference to the reply to starred question No. 118, printed at pages 108-9 of the Legislative Assembly Debates, Volume VIII, are Government aware that railway companies in America have, during the past few years, devised and adopted a method by which they can separate, with reasonable approximation to accuracy, the outlay allocable to passenger traffic, and if so, what are the practical difficulties in adopting the same method in India?

Mr. A. A. L. Parsons: We understand that railway companies in America submit figures to the Inter-State Commerce Commission showing expenditure distributed between passenger and goods working, but our information does not enable us to endorse the suggestion that these figures represent a reasonable approximation to accuracy; in fact we understand that the American Railways Accounting Officers Association, to which the railway officers responsible for compiling these figures belong, has informed the Inter-State Commerce Commission that in its opinion they are not worth the cost of compilation. The matter will however be looked into when we receive the report of the officer recently deputed to examine American methods.

Mr. N. M. Joshi: May I know, Sir, whether it is a fact that the Government of India used to give separate statistics for goods and passenger receipts, and even with regard to passenger receipts, they used to give receipts for first and second class passengers.

Mr. A. A. L. Parsons: I think, Sir, that the Honourable Member is aware that we do so now.

Mr. N. M. Joshi: May I know, Sir, if this practice has been discontinued now?

Mr. A. A. L. Parsons: My answer was that we do so now. I think the Honourable Member referred only to separate figures for receipts.

TRANSFER OF RS. 3 CRORES ON ACCOUNT OF ROLLING STOCK FROM THE CAPITAL AT CHARGE OF COMMERCIAL LINES TO THE CAPITAL AT CHARGE OF STRATEGIC LINES.

9. ***Mr. N. O. Kelkar:** Will Government state whether the transfer of Rs. 3 crores on account of rolling stock from the capital at charge of commercial lines to the capital at charge of strategic lines and also the similar transfer of the capital at charge of the Aden, the Laki-Pazu-Tank and the Tank-Kour Khirgi Railways were placed before the Railway Finance Committee, as containing an element of reducing the amount receivable by the General Revenues, under the convention of separating the railway from the general finances, and if not, why not?

Mr. A. A. L. Parsons: No special reference was made to the Standing Finance Committee for Railways, though the fact that strategic railways were being made to bear their proper share of the capital expenditure on rolling stock was brought to their notice when a supplementary grant under the Demand for strategic lines was placed before them last year. I may mention that the necessity for making the adjustment for rolling stock as a matter of correct accounting was brought to the notice of the Railway Board by the Chief Auditor of the North Western Railway, and was accepted both by them and by the Auditor General, before the Assembly had accepted the convention separating railway from general finances, though, of course, the adjustment became of more importance after the separation, since without it proper effect could not be given to the decision of the Assembly that the interest on the capital at charge and the loss on working strategic lines should be borne by general revenues. The classification of the railways mentioned by the Honourable Member as strategic was also settled before the acceptance of the separation convention, and I may add, before the Standing Finance Committee for Railways was in existence, though the formal orders issued subsequently.

Mr. A. Rangaswami Iyengar: Will the Honourable Member be pleased to say whether he will now place this matter before the Standing Finance Committee for Railways and obtain their orders as to the allocation?

Mr. A. A. L. Parsons: No.

Mr. A. Rangaswami Iyengar: Why?

Mr. A. A. L. Parsons: Because I think the Standing Finance Committee for Railways has plenty to do with current subjects without going into matters so long past.

Mr. A. Rangaswami Iyengar: Do I understand, Sir, that the allocation of this matter, which will be decided now after the constitution of the Railway Finance Committee by Government, is not a matter on which the Railway Finance Committee has any jurisdiction at all?

Mr. A. A. L. Parsons: The Standing Finance Committee for Railways has no jurisdiction in this matter. It was decided before that Committee was in existence.

Mr. N. M. Joshi: May I ask, Sir, whether the matter was placed before the Legislative Assembly? May I ask, Sir, whether the Government has no reply to this question?

POLL-TAX ON ASIATICS IN KENYA.

10. ***Mr. N. O. Kelkar:** Have Government received any representation from the Imperial Indian Citizenship Association on the subject of the raising of the poll-tax in Kenya exclusively on Asiatics? If so, what steps have Government taken to prevent or remedy this act of injustice?

The Honourable Mr. J. W. Bhoré: Yes. An Asiatic Poll-tax Ordinance was passed to enable funds to be raised for further expenditure on Indian education. I may, however, mention that an Ordinance on precisely the same lines as the Asiatic Poll-tax Ordinance has been passed by the Kenya Legislative Council in respect of Europeans for an analogous purpose, but under it Europeans will pay a tax of 30 shillings, while Indians pay 20 shillings. Government are in communication with the Colonial Government.

UNIFORM RAILWAY FARES AND RATES ON STATE RAILWAYS.

11. ***Mr. N. O. Kelkar:** Has the attention of Government been drawn to the question of fixing uniform railway fares and rates at least on all the State Railways in India? If so, do Government contemplate any reference on this question to the Rates Tribunal or any other independent action?

Mr. A. A. L. Parsons: The question whether uniform rates should be fixed for passenger fares was answered by implication by the Standing Finance Committee for Railways last January, when they were considering the reductions made by the different Railways. If the Honourable Member will refer to Volume II, No. 6 of the Proceedings of the Committee,

he will find that they considered that in fixing passenger fares the financial conditions of the different Railways must be taken into account. Physical conditions also require consideration and the Government of India do not propose to refer the question raised by the Honourable Member either to the Rates Advisory Committee or to any other body.

Mr. N. M. Joshi: May I ask, Sir, whether the condition of any particular railway does not affect the revenues of the whole country?

Mr. A. A. L. Parsons: It certainly affects the railway revenues of the whole country.

Mr. N. M. Joshi: May I ask, Sir, why should the people of the whole country pay for these losses or profits of one railway?

(No answer)

May I ask, Sir, then the reason for not having uniform rates?

Mr. A. A. L. Parsons: The reasons have been stated in the answer I have just given to the question.

FITTING OF AUTOMATIC CENTRE BUFFER COUPLERS TO ROLLING STOCK ON RAILWAYS.

12. ***Mr. N. O. Kelkar:** Are Government yet in a position to make a pronouncement on the question, which was under investigation last year, of fitting automatic centre buffer couplers to the rolling stock in India?

Mr. A. A. L. Parsons: The question is still under investigation. Preliminary trials were carried out at Kanchrapara last autumn in order to discover what structural alterations, if any, will be necessary to the underframes of existing vehicles in order to fit them to take the automatic central buffer coupler. These trials showed that the underframes will require strengthening in certain respects and further trials will shortly be made in Lahore with vehicles so strengthened to see if any additional strengthening is necessary. We hope, when these trials have been completed, to be able to work out the cost of conversion and to come to a decision whether it is immediately practicable as a financial proposition. Subsequently it will of course be necessary to determine exactly what form of automatic central buffer couplers should be adopted.

Kumar Ganganand Sinha: How long, Sir, will it take for the trial to be completed?

Mr. A. A. L. Parsons: I am not quite sure but I think the trial going on in Lahore will be completed by about May or June.

Mr. A. Rangaswami Iyengar: Do the Government still intend to put down speculative figures in the Budget for this purpose?

Mr. A. A. L. Parsons: I am afraid the Honourable Member must wait until he sees the Budget.

RAILWAY COLLIERIES.

18 ***Mr. N. O. Kelkar:** Will Government lay on the table a statement of the railway collieries acquired from time to time showing their original cost?

Mr. A. A. L. Parsons: A statement giving the information asked for is laid on the table.

Statement showing the Railway Collieries acquired from time to time with their capital cost up to 31st March, 1926.

Colliery.	Capital outlay up to 31st March, 1926
	Rs.
1. Bokharo-Ramgarh (E. I. R. & B. N. R.)	30,29,180
2. Sawang (E. I. R. & B. N. R.)	8,53,754
3. Kurhurbareo & Serampore (E. I. R.)	56,04,489
4. Mohpani (G. I. P.)	8,13,981
5. Bhurkunda (State Railways)	28,81,585
6. Kargali (G. I. P. Ry.)	44,96,488
7. Khost (N. W. R.)	2,73,662
8. Khost Pressed Fuel Factory (N. W. R.)	48,092
9. Religara (M. & S. M. and B., B. & C. I. Rys.)	16,85,163
10. Jarangdih (M. & S. M. and B., B. & C. I. Rys.)	51,50,318
11. Talchir (M. & S. M. Ry.)	1,05,070
12. Argada (B. N. R.)	25,27,24
13. Talchir (B. N. Ry.)	1,19,747

MANUFACTURE IN INDIA OF ARTICLES IN COMMON USE ON RAILWAYS.

14. ***Mr. N. C. Kelkar:** With reference to the reply to starred question No. 1038 (d), printed at page 1618 of the Legislative Assembly Debates, Volume V, what decision, if any, has been arrived at in regard to the manufacture in India of articles in common use on railways?

Mr. A. A. L. Parsons: The question was remitted to the Tariff Board at the end of March, 1925; they have not yet reported on it.

TRANSLATION OF ACTS OF THE SUPREME LEGISLATURE INTO THE PRINCIPAL VERNACULARS.

15. ***Mr. N. C. Kelkar:** (a) What is the present official arrangement for the Acts of the Supreme Legislature being translated into the principal vernaculars and published for public information?

(b) Have Government considered the question of printing such vernacular translations or concise summaries of these in a handy form and making them available to the public at nearly the cost price?

Mr. L. Graham: (a) and (b). The present arrangement is that Urdu translations of those Acts of the Indian Legislature which the Department of the Government of India concerned considers important enough to be translated are issued by the Government of India and are made available to the public at nearly the cost price. The question of the translation of Acts into other vernacular languages is left to the discretion of the Local Governments concerned. Government do not consider it necessary to supplement the action of the Local Governments in this respect.

**DECLARATION OF THE DAY OF THE ASSEMBLY ELECTIONS AS A PUBLIC HOLIDAY
BY LOCAL GOVERNMENTS.**

16. ***Mr. N. C. Kelkar:** Will Government state in how many Provinces the day of the Assembly elections was declared a public holiday? Was the question of the declaration of such a holiday as a matter of necessity and a matter of uniform imperial administration ever considered?

The Honourable Sir Alexander Muddiman: The declaration of public holidays under the Negotiable Instruments Act (section 25) is a matter for the Local Governments. Government have no information of the action which Local Governments have taken, and do not consider it necessary to interfere with their discretion in the matter.

**COUNCIL BILLS AND TELEGRAPHIC TRANSFERS DRAWN ON INDIA BY THE
SECRETARY OF STATE, ETC.**

17. ***Mr. N. C. Kelkar:** Will Government be pleased to lay on the table a statement giving information under the following heads for the year 1924-25:

- (a) Council Bills and Telegraphic Transfers drawn on India by the Secretary of State, and the profit or loss by the exchange operations;
- (b) Sterling Bills and Telegraphic Transfers drawn on London by the Government of India and the profit or loss by these exchange operations;
- (c) Imports into and exports from British India of gold and silver (coin and bullion) and the amount received and the amount coined in the mints;
- (d) Receipts charges and net profits of the paper currency department;
- (e) Number and value of money coined at the Calcutta and Bombay mints; and
- (f) Value of notes in circulation and composition of the Paper Currency and gold standard reserves.

The Honourable Sir Basil Blackett: (a), (d) and (e). The attention of the Honourable Member is invited to accounts Nos. 94, 98, 62, 62A

and 64 in the Finance and Revenue Accounts for 1924-25 which give the required information.

(b) No sterling Bills or Telegraphic Transfers were drawn on London by the Government of India during 1924-25.

(c) The figures of imports and exports of gold and silver are given in the monthly Accounts relating to the Sea-borne Trade and Navigation of British India, copies of which are available in the Library of the Legislature. The figures of the amounts of gold and silver received and coined in the Mints are furnished in the Reports on the Administration of the Mints at Calcutta and Bombay for the year 1924-25, copies of which have been placed in the Library.

(f) Information regarding the value of notes in circulation and the composition of the Paper Currency Reserve on the 7th, 15th, 22nd and the last day of the month is published regularly in the Gazette. A quarterly statement of the composition of the Gold Standard Reserve is also published in that Gazette.

REALIGNMENT OF THE GREAT INDIAN PENINSULA RAILWAY.

18. ***Mr. N. C. Kelkar:** Is it a fact that Government have ordered or are going to order a survey for a new alignment of the Great Indian Peninsula Railway line, between Khandala and Karjat, with a view to give up the whole of the existing Bhore Ghat?

Mr. A. A. L. Parsons: An estimate of the cost of realigning the Great Indian Peninsula Railway so as to eliminate the Bhore Ghat reversing station was sanctioned in 1925 and the work is in progress.

RULES AND ORDERS RELATING TO THE PREPARATION OF LISTS OF VOTERS FOR THE LEGISLATIVE ASSEMBLY.

19. ***Mr. N. C. Kelkar:** Will Government be pleased to lay on the table a copy of the rules or orders now in force, under which the lists are primarily and then finally made of the Legislative Assembly voters qualified as such voters by reason of the payment of Income-tax? Are Government sure that the practice of making these lists is uniform in all the Provinces?

Mr. L. Graham: The Government of India issued certain executive instructions to Income-tax Officers and Returning Officers regarding the nature and extent of the information to be supplied by Income-tax Officers to Returning Officers in connection with the preparation of electoral rolls for the purpose of the recent general election. They are not prepared to lay those instructions on the table. Elections to the Indian Legislature constitute a provincial subject and the Government of India have no information regarding the uniformity or otherwise of the practice in the different provinces.

Mr. M. S. Aney: Do the Government of India realise the necessity for uniformity in this matter?

Mr. L. Graham: Conditions vary so much in the different provinces that I do not think we can possibly think of issuing such instructions, Sir.

LEGISLATIVE ASSEMBLY VOTERS.

20. ***Mr. N. O. Kelkar:** Is it a fact that even the holders of certificates of the payment of Income-tax, automatically deducted for shares and Government securities on an income of even less than two thousand rupees, are allowed, under the present practice, to be enrolled as Legislative Assembly voters?

The Honourable Sir Alexander Muddiman: The electoral rolls are prepared by the provincial authorities and Government have no information as to the interpretation which they have placed on the qualification arising from assessment to income-tax in the case of holders of the certificates mentioned in the question.

ALLOWANCE TO AN INCOME-TAX ASSESSEE OF DEDUCTION FOR INTEREST
ON CAPITAL PROVIDED BY THE ASSESSEE HIMSELF OUT OF HIS OWN
FUNDS.

21. ***Mr. N. O. Kelkar:** (a) Is it a fact that under the present rules for the assessment of Income-tax, deduction is not allowed, in the calculation of expenses, for interest on capital provided by the assessee himself out of his own funds, that is to say, Capital, not shown as actually borrowed for the purpose?

(b) Have Government considered the question of allowing such deduction as being equitable in an economic sense?

The Honourable Sir Basil Blackett: The answer to the first part of the question is in the affirmative and to the second in the negative.

REVISION OF THE RATES OF THE ASSESSMENT OF SUPER-TAX.

22. ***Mr. N. O. Kelkar:** Do Government intend to revise the rates of the assessment of Super-tax in view of the easy condition of Imperial finances?

The Honourable Sir Basil Blackett: I regret I cannot anticipate my Budget Statement.

RASH ACT OF A SOLDIER AT CHALISGAON STATION.

23. ***Mr. N. O. Kelkar:** (a) Has the attention of the Government been drawn to a report, in the *Indian Daily Mail* of the 26th November last, of an act of rashness on the part of a member of a travelling British regiment on the night of 23rd November, at the Chalisgaon station on the Great Indian Peninsula Railway, resulting in serious injury to a boy of six years standing on the platform?

(b) Do Government propose to make an immediate inquiry into the facts of the case and obtain a report as to the identity of the offender, the identity of the regiment of which he is a member, the nature of steps taken by the Railway Police and the Commanding Officer in charge of the travelling troops, and the nature and measure of punishment meted out to the offender?

(c) Is it a fact, as stated in the newspaper report, that even the station authorities were unable to obtain the name of the offender or the regiment?

Mr. G. M. Young: (a) No, Sir, but Government have seen an account of the same incident in the *Mahratta* of the 6th December 1926. The injury is reported to have been slight and not serious, it was promptly attended to by the medical officer in charge of the train, and efforts were made to identify the person who was responsible for it. The train was not carrying a regiment but soldiers from 33 different units.

(b) The incident has been investigated very carefully both by the military authorities and by the Government of Bombay through the local civil authorities. The results of these inquiries are embodied in a statement, which I lay on the table.

(c) Yes

Statement referred to in reply to parts (b) and (c) of starred question No 23.

On the 23rd November last, at about 10.30 p.m., a special troop train from Bhusawal halted at Chalisgaon station. The train was carrying soldiers from 33 different units, who were on their way to England.

While the train was moving into the station an empty beer bottle appears to have been tossed out of one of the carriages, and to have struck a small boy who was standing with his father on the platform. The father reported the matter to the Railway Police and to the station authorities. But it was dark at the time and it was impossible to ascertain who had thrown the bottle as, owing to the fact that the train was moving when the boy was hit, the parent could not tell from what part of the train the bottle had been thrown.

The medical officer of the train, however, immediately attended to the boy who was only slightly injured. The later enquiries by the military authorities and the Government of Bombay also failed to elicit the identity of the person who threw the bottle.

EXPENDITURE ON THE SOUTH AFRICAN DEPUTATION TO INDIA AND THE INDIAN DELEGATION TO SOUTH AFRICA.

24 ***Mr. N. C. Kelkar:** (a) What is the total amount of expenditure borne by the Indian Treasury on account of the recent visit of the South African Deputation to India?

(b) Will Government state whether the South African Deputation was of a wholly official or wholly unofficial or of a mixed character?

(c) What is the total amount of expenditure sanctioned by Government for the official Deputation to the South African Conference?

The Honourable Mr. J. W. Bhore: (a) The total expenditure is estimated at Rs. 70,000. Accounts have not yet been finally adjusted.

(b) The Deputation from South Africa was a parliamentary deputation sent to India by the Union Government. It comprised representatives of all parties in the South African Parliament and included one Minister.

(c) The estimated expenditure on account of the Government of India Delegation to South Africa is Rs. 1,17,000.

Mr. Jamnadas M. Mehta: Is not their expenditure paid by the South African Government as a return of courtesy?

The Honourable Mr. J. W. Bhoré: Not all their expenditure, but they have been treated as the guests of the South African Government during their stay in South Africa.

Mr. Jamnadas M. Mehta: Have they been treated on the same footing? Have the South African Government borne the same charges as we have done?

The Honourable Mr. J. W. Bhoré: Certainly. The Union Government's hospitality has been gratefully acknowledged by the Leader of our Deputation.

RECRUITMENT FOR THE INDIAN ARMY FROM THE BOMBAY PRESIDENCY.

25. ***Mr. N. C. Kelkar:** (a) Will Government be pleased to lay on the table a statement showing the total number of combatant and non-combatant recruits, enrolled in each year during the last twelve years 1914-1926, classed according to Provinces, and also the total number of trans-frontier Mussalmans and other trans-frontier men enrolled during this period?

(b) Will Government be pleased to lay on the table a copy of the rules and directions now in force for the guidance of Recruiting Officers for the purpose of recruiting Brahmins, Mahrattas and others in the Bombay Presidency?

(c) Will Government specify the classes, castes, races or nationalities to which enrolment of combatant recruits is confined in the Bombay Presidency, and the numerical limits or percentages, if any fixed for each?

Mr. G. M. Young: (a) I lay on the table a statement containing all the figures available for the period.

(b) There are no special recruiting regulations for the Bombay Presidency. A copy of the Recruiting Regulations of the Indian Army is in the Library. There are handbooks dealing with some of the classes recruited to the Indian Army, including one that deals with Mahrattas and Dekkani Mussalmans. These handbooks contain no rules or directions and are intended merely for the information of young officers. They are however available to the public.

(c) The classes ordinarily enlisted as combatants from the Bombay Presidency are Konkani and Dekkani Mahrattas and Dekkani Mussalmans. The details are as follows:

Cavalry	3 squadrons of Dekkani Mussalmans.
Heavy Artillery	1/3rd of the Indian personnel are Mahrattas.
Bombay S. & M.	1/3rd are Mahrattas.
Mahratta Light Infantry	25 Companies Mahrattas and Dekkani Mussalmans.
Bombay Grenadiers	5 Companies Mahrattas.
2nd Bombay Pioneers	4 Companies Mahrattas.

Statement of Recruits enlisted from 1st August, 1914 to 30th September, 1926.

Province.	1-8-14 to 31-3-15.	1-4-15 to 31-12-15.	1-1-16 to 31-12-16.	1-1-20 to 31-12-20.	1-1-21 to 31-12-21.	1-1-22 to 31-12-22.	1-1-23 to 31-12-23.	1-1-24 to 31-12-24.	1-1-25 to 31-12-25.	1-1-26 to 30-9-26.
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(a) COMBATANTS.

Madras . . .	26,587	23,487	3,487	5,078	852	1,274	580	670	684	504
Bombay . . .	25,783	13,168	1,392	3,977	2,244	647	855	1,044	1,133	643
Bengal . . .	2,646	4,055	47	123	4	1	2	.	...
United Provinces	68,927	78,836	9,160	15,808	4,245	2,500	2,633	1,895	1,599	1,239
Punjab and Delhi	2,49,378	97,172	18,857	29,760	10,019	11,422	10,185	9,268	13,440	9,328
Trans-frontier .	408	7,608	2,162	4,231	1,940	1,715	1,130	1,241	1,408	1,021
N.-W. F. P . .	27,767									
Baluchistan . .	1,284	592	67	245	140	100	243	214	249	94
Bihar and Orissa .	2,624	5,505	1,159	2,305	123	9	1	...	...	1
Central Provinces	1,391	2,471	117	386	190	76	10	13	10	10
Ajmer-Merwara .	4,337	1,624	446	576	344	387	110	87	113	66
Burma . . .	1	8,325	1,498	1,742	115	1,690	967	684	985	555
Total	4,31,083	2,42,983	38,382	64,301	20,186	19,693	16,710	15,246	19,958	13,461

(b) NON-COMBATANTS

Madras . . .	11,443	19,198	16,140	6,491	2,437	333	164	110	100	165
Bombay . . .	10,288	12,146	4,735	3,202	2,063	143	93	87	131	86
Bengal . . .	9,117	35,463	9,176	5,091	2,503	64	5	5	24	5
United Provinces	46,474	60,766	34,269	30,977	7,968	1,179	522	793	1,135	732
Punjab and Delhi	44,467	26,520	23,248	13,354	9,278	3,337	1,958	1,404	1,660	1,108
N.-W. F. P. . .	4,410	4,580	2,367	1,709	1,445	210	92	107	144	84
Baluchistan . .	323	10	.	5	15	3	...	4	7	8
Bihar and Orissa	19,982	12,469	8,216	5,683	447	11	4	5	6	13
Central Provinces	2,094	5,530	2,020	864	290	33	9	19	41	27
Ajmer-Merwara .	810	495	240	341	133	38	37	16	24	7
Burma . . .	6,563	499	52	178	13	58	40	31	15	13
Total	*1,56,548	1,57,072	1,00,462	68,455	27,302	5,404	2,944	2,583	3,837	2,247

* 1914 to 1918 figures do not include skilled labour who were engaged but not enrolled.

(c) The recruitment of trans-frontier personnel was stopped during the war and reopened in 1921.

The following are the numbers of trans-frontier personnel serving in the Indian Army on the following dates

Afrideis and Mohmands. Orakzais. Total.

1st January, 1921	.	.	.	.	742	86	828
Ditto 1922	.	.	.	.	713	129	842
Ditto 1923	.	.	.	.	915	231	1,146
Ditto 1924	.	.	.	.	898	241	1,139
Ditto 1925	.	.	.	.	810	194	1,004
Ditto 1926	.	.	.	.	747	283	1,030

AMENDMENT OF RULE 24 OF THE BOMBAY LEGISLATIVE COUNCIL RULES.

26. ***Mr. N. C. Kelkar:** Will Government be pleased to lay on the table the correspondence, if any, between the Government of India and the Bombay Government, on the subject of the recent amendment of rule 24 of the Bombay Council Rules relating to the Governor's veto on motions involving discussions on matters of general public interest?

Mr. E. F. Graham: No amendment has been made in rule 24 of the Bombay Legislative Council Rules. The Honourable Member presumably refers to the recent insertion in those rules of a new rule 24A. I should like to explain for the information of the Honourable Member that this rule, which has been inserted in all the provincial Legislative Council Rules as well as in the Indian Legislative Rules, was not designed to confer power on the Governor to disallow motions of a character which were previously admissible and not subject to such disallowance but to make express provision in regard to the moving of motions other than Resolutions. The position previously prevailing in regard to the moving of such motions was somewhat obscure, and in certain quarters the view prevailed that the rules did not admit of the moving of any such motion. Rule 24A renders such motions admissible subject to the conditions specified in sub-rules (2) and (3). The Bombay Government having accepted the rule without comment, no purpose would be served by laying on the table the correspondence to which the Honourable Member refers.

REPORT OF THE BACK BAY RECLAMATION COMMITTEE.

27. ***Mr. N. C. Kelkar:** (a) Will Government be pleased to lay on the table a copy of the Back Bay Reclamation Committee's Report together with the evidence recorded by the Committee?

(b) Do Government propose to grant an opportunity to this House, during the present Session, to discuss this Report, so far it relates to the responsibility of or to the Government of India for the sanctioning of the scheme?

The Honourable Sir Bhupendra Nath Mitra: (a) The Report has been published. A copy, together with copies of Parts I and III of the evidence recorded by the Committee, will be found in the Library. Copies of Part II are still awaited from England, and a copy will be placed in the Library when received.

(b) Government do not propose to allot a day for a discussion of the Report, but it is open to any Member, who so desires, to move a Resolution on the subject.

Mr. N. M. Joshi: May I suggest that Government should in the public interest give free copies of this report to the Members of the Assembly?

The Honourable Sir Bhupendra Nath Mitra: The matter will receive due consideration.

SPEECHES OF THE REPRESENTATIVES OF INDIA AT THE RECENT IMPERIAL CONFERENCE.

28. ***Mr. N. C. Kelkar:** Will Government be pleased to lay on the table a copy of the full text or official summaries of the speeches of the representatives of India at the recent Imperial Conference?

The Honourable Sir Alexander Muddiman: Copies of the full texts or of official summaries of the speeches made at the Conference have not yet been received. The papers will be placed in the Library of the House when they are received.

UTILISATION OF PROFITS BY THE TATA IRON AND STEEL COMPANY.

29. ***Mr. N. C. Kelkar:** Apart from the references made in the speeches of the Honourable Sir Charles Innes and the Honourable the Finance Member, on the occasion of the Assembly Debates on the question of the grant of a bounty to the Tata Steel Company, was there any correspondence between the Company and the Government of India, on the subject of the Company utilising its profits, or the amount of the bounty, in any particular manner, towards the payment of the Company's contingent liabilities or the distribution of dividends among any classes of shareholders?

The Honourable Sir Charles Innes: The reply is in the affirmative.

EXAMINATION FOR THE RECRUITMENT OF ACCOUNTANTS FOR RAILWAY AUDIT OFFICES UNDER THE ACCOUNTANT GENERAL, RAILWAYS.

30. ***Mr. N. C. Kelkar:** (a) Was any examination held in November 1925 or before that for recruitment of accountants to the Accounts Department of the Railway Board?

(b) If so, how many candidates for admission to the examination were selected from each Province and on what principle?

(c) How many among these candidates were Indians?

(d) How many candidates in all passed the examination, and how many of them were taken in the service?

(e) Do or do not Government intend to hold another such examination? If so, under what conditions?

The Honourable Sir Basil Blackett: (a) I presume that the Honourable Member refers to the examinations which have been held annually for the past 5 years for the recruitment of probationary accountants for the Railway Audit Offices under the Accountant General, Railways, the rules for which are given in Appendix II to Railway Audit and Account Code. Such an examination was held by the Accountant General, Railways, in 1925.

(b) 47 candidates were selected. Of these 11 were from the Punjab, 4 from Delhi, 3 from the United Provinces, 11 from Bengal and Bihar and Orissa, 8 from Bombay and Sindh, and 10 from Madras. The examination was widely advertised in provincial newspapers and candidates were selected from those who satisfied the necessary conditions as regards age and educational qualifications. Steps were taken to secure that, as far as possible, all provinces and communities were represented.

(c) 45 were Indians.

(d) The examination was competitive and the two best men were appointed to the service.

(e) The last examination was held in November 1926 and the next examination will be held in May 1927 on the same conditions as before.

NOMINATION OF MEMBERS OF ADVISORY COMMITTEES FOR STATE AND OTHER RAILWAYS.

31. ***Mr. N. C. Kelkar:** (1) Will Government be pleased to state what authority is finally responsible for sanctioning nominations to the Railway Advisory Committees for State and other Railways?

(2) Do Government propose to suggest to this authority the advisability of nominating at least one representative of Railway Passengers' Associations to each Advisory Committee according to some settled scheme of representation?

Mr. A. A. L. Parsons: The rules governing the nomination of members of Advisory Committees vary to some extent on different Railways. I will supply the Honourable Member with a copy of the rules of each Railway if he wishes. On State-managed Railways provision is made for the nomination, by the local Legislative Council of the Government in whose jurisdiction the headquarters of the Railway are situated, of three representatives, and lay down that these nominees should be selected so as to represent the travelling public as well as rural interests. This provision has also been adopted by many of the Company-managed Railways. In the circumstances, the Government of India do not propose to take the action suggested by the Honourable Member.

(Mr. S. Srinivasa Iyengar rose to put Question No. 32.)

Mr. President: The Honourable Member (Mr. C. Duraiswami Aiyangar has not taken his oath yet and, therefore, I do not propose to allow the question in his name to be put.

(In accordance with the above ruling, Questions Nos. 32 to 34 were not put.)

EXPENDITURE INCURRED ON THE APPOINTMENT OF EXPERTS ENGAGED TO ADVISE ON AN IMPROVED SYSTEM OF RAILWAY ACCOUNTS.

35. ***Mr. N. C. Kelkar:** Will Government be pleased to state the estimated cost involved in the appointment of experts now engaged by Government for advising them on an improved system of Railway Accounts?

Mr. A. A. L. Parsons: Two lakhs.

† 86.

PROSCRIPTION OF BOOKS UNDER THE PRESS ACT.

37. ***Mr. N. C. Kelkar:** (a) What is the number of books proscribed under the Press Act since the year 1911?

(b) Are Government prepared to consider the question of entertaining applications to have particular pages or passages in any proscribed book pointed out to persons who may wish to reprint proscribed books, and are prepared to give an undertaking that such pages or passages shall be omitted in the reprint?

The Honourable Sir Alexander Muddiman: (a) The Honourable Member is doubtless aware that the Press Act was repealed in the year 1922. I do not know whether he wishes to ascertain the number of books proscribed between 1911 and 1922. But if he does, I will try to supply the information.

(b) Action under the Press Act was taken by the Local Governments. If the Honourable Member has in mind any particular book I would suggest that he should make his proposal to the Local Government concerned.

PROSCRIPTION BY THE PUNJAB GOVERNMENT OF A BOOK RELATING TO THE NABHA STATE.

38. *Mr. N. O. Kelkar: Will Government be pleased to lay on the table a copy of the proscribed book about the Nabha State, marking the particular passages which, in the opinion of Government, justified the proscription?

The Honourable Sir Alexander Muddiman: I understand that the book referred to by the Honourable Member was proscribed by the Punjab Government. It is open to any person who has any interest in the book under section 99-B of the Criminal Procedure Code to apply to the High Court to set aside the order. It would not be desirable to adopt the alternative procedure suggested by the Honourable Member.

NUMBER OF STATE, MOPLAH AND AKALI PRISONERS.

39. *Mr. N. O. Kelkar: (a) Will Government be pleased to give the latest figures for:

- (1) the total number of persons undergoing imprisonment in India without trial;
- (2) the total number of Moplah prisoners in India and in the Andaman Settlements;
- (3) the total number of Akali prisoners and
- (4) the total number of Akali prisoners released on acceptance of conditions offered by Government?

(b) Will the Government be pleased to state the exact conditions offered to Akali prisoners for release?

The Honourable Sir Alexander Muddiman: (a) (1) The latest figures available are:

Under Regulation III of 1818, 17; under the Bengal Criminal Law Amendment Act, 1925, 72; under the Madras Regulation II of 1819, 161.

(2) The Government of India have no information as to the total number of Moplah prisoners in India. As to the number of Moplah convicts in the Andaman Islands I must make further enquiries and will let the Honourable Member know later.

There are no prisoners in jail or under detention because they are Akalis and I have no information as to the number of Akalis in the Punjab jails. The conditions governing the release of certain Sikh prisoners were announced by His Excellency the Governor of the Punjab in the Legislative Council on the 9th July, 1925.

TRIAL AND CONVICTION OF DR. TARAK NATH DAS IN THE UNITED STATES OF AMERICA.

40. *Mr. N. O. Kelkar: (a) With reference to the telegram appearing in the *Times of India*, dated the 11th December, 1926, page (18), will Government be pleased to state, so far as they know, the facts of the case of Dr. Tarak Nath Das?

(b) Was the prosecution undertaken at the instance of the Government of India and with what result?

The Honourable Sir Alexander Muddiman: (a) The Government of India are not aware of any case against Dr. Tarak Nath Das other than that in which he was convicted nearly nine years ago on a charge of violating the neutrality of the United States of America.

(b) The answer is in the negative.

**REGULATIONS REGARDING ADMISSION, PAY AND PROSPECTS OF MEMBERS
OF THE (GENERAL AND STATION SERVICES IN THE
TELEGRAPH DEPARTMENT.**

41. ***Mr. D. V. Belvi:** (a) Will Government be pleased to state if their attention has been drawn to what is published under the caption "Indians not allowed. General Grade of service in Telegraph Department closed to Indians" in the issue of the *Indian National Herald*, dated Monday, December 13, 1926?

(b) If so, are the allegations made against the Telegraph Department true?

(c) If not, what are the facts?

(d) Will Government be pleased to place on the table a copy of the rules regulating the admission, pay and prospects of the General and the Station Grade of services in the Telegraph Department?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) No

(c) General Service is not closed to Indians as such. I would refer the Honourable Member to the reply given in the Assembly on the 27th January, 1926, to part (a) of the starred question No. 331 by Mr. M. K. Acharya on the same subject.

The Department is, at present, overstaffed and the recruitment for General Service is confined to probationers obtained from certain Anglo-Indian schools with which the Department had entered into an agreement sometime ago. Of the six such schools the arrangement with one has already been terminated and the Telegraph Training Class in another school will be closed shortly.

The question of employment of clerks on non-operative duties is under consideration, but no action in this direction can obviously be taken until the surplusage of telegraphists has been wiped out.

The Telegraph peons are graded as "inferior servants", and in the matter of pension they are treated in the same way as any other inferior servant of the Government.

The alleged grievance of postal hands absorbed in the Telegraph Department presumably refers to certain men who initially joined Government service as Postal signallers and who have been appointed at a later stage of their service as Station Service Telegraphists. These men are getting the increments due to them in the scale of pay of Station Service telegraphists from the date of their being taken on permanently in the Station Service. Their request to be allowed to count the service rendered by them as Postal signallers towards increments in the scale of pay of Station Service Telegraphists was rejected after mature consideration.

In this connection I would refer the Honourable Member to the reply given in the Assembly on the 28th February, 1925, to unstarred question No. 207, by Mr. M. K. Acharya. The matter was further reconsidered by Government since the date of that reply but they came to the conclusion that there was no justification for modifying their previous orders.

(d) A copy of the regulations asked for is laid on the table.

Regulations regarding admission, pay and prospects of members in the Telegraph Department for General and Station Services.

The Signalling Establishment of the Traffic Branch comprises two Services; General and Station. Men in the General Service are liable to transfer anywhere in India or Burma, whereas Telegraphists (whether men or women) in the Station Service are immune from transfer outside the station to which their service is attached, but they must undertake liability for field service or transfer in time of war or national emergency. All candidates must go through a course of training in a recognised Telegraph Training Class and must pass a qualifying examination before appointment as Telegraphists. There are two kinds of training classes:—

(1) Government Training classes.

(2) Training classes in certain approved schools or colleges

Instruction in a Government Training class usually lasts for twelve months and candidates are accepted between the ages of 16 and 20 years. They receive, while under training, an allowance of Rs. 20 a month. The system of Training classes in approved schools or colleges is different. Candidates between the ages of 16 and 18 years, who elect for the Telegraph Service, are generally given a two years' course in Telegraphy which takes the place of certain subjects in their ordinary school curriculum. At the end of the course they have to pass a qualifying test. For every candidate passed out from an approved school or college training class and admitted into the Department as a General Service Telegraphist, a bonus of Rs. 100 is paid to the school and Rs. 60 to the candidate, and for each admitted as a Station Service Telegraphist, a bonus of Rs. 70 is paid to the school and Rs. 40 to the candidate. The qualifying test in signalling is 20 words a minute in all subjects on Morse. Only boys or girls of good character and health and fair all-round education are accepted. Girls are recruited for the Station Service only.

The candidates who pass the final tests commence their service as telegraphists. The rates of pay of Telegraphists and Telegraph Masters for the General and Station Services are:—

	(Telegraphists).
	Rs.
General Service	80—5—100—10—250
Station Service—	
(a) at Rangoon	90—5—180
(b) at Calcutta and Bombay	80—5—170
(c) at Madras and Karachi	70—5—160
(d) at all other places where the Station Service has been adopted	60—5—150
	(Telegraph Masters.)
General Service	275—10—325
Station Service—	
(a) at Calcutta, Bombay, Rangoon, Madras and Karachi	200—10—250
(b) at all other places where the Station Service has been adopted	180—10—230

In addition to their pay telegraphists are eligible for duty allowances of Rs. 10, Rs. 20 or Rs. 40 a month, as the case may be, while holding charge of departmental telegraph offices or certain supervisory appointments requiring special training or technical ability. The number of such allowed appointments varies from time to time according to the requirements of the Department.

Telegraphists are eligible for promotion to the grade of Telegraph Master and thereafter to that of Deputy Superintendent in the Traffic establishment and for appointment as officers in the Superior Traffic Branch. They are also eligible for appointment to the Electrical, Engineering and Wireless Branches of the Department for which men are selected from the Traffic Establishment early in their service; and after undergoing a special course of training and passing specified examinations they are appointed Engineering Supervisors or Electrical Supervisors or Wireless Operators.

RESOLUTIONS PASSED RECENTLY BY THE ALL-INDIA TELEGRAPHISTS' UNION.

42. ***Mr. D. V. Belvi:** Will Government be pleased to lay on the table the Resolutions passed recently by the All-India Telegraphists' Union under the presidency of Mr. M. R. Jayakar, M.L.A., and forwarded to Government by the General Secretary of the Union?

The Honourable Sir Bhupendra Nath Mitra: A copy of the Resolutions is laid on the table.

1. Notwithstanding Government's official statement of the recruitment of the operative staff being entirely stopped, as the recruitment thereto which is still going on year after year, is not based on justice and fair-play and is apparently worked on communal basis; resolved that the Government of India be respectfully approached through the Head Quarters to open recruitment for the General as well as Station Service, only on the basis of merit without any distinction of caste, creed or colour, or community.

2. There being a complete stagnation in the clerical cadre owing to the number of appointments in the First and Second Class, not being in adequate proportion to the number of appointments in the Third Class; consequently offering no scope for the recognition of their services in pay or prospects; resolved that the Government of India be approached through the Head Quarters to afford wider openings to the deserving clerks, by way of replacing Telegraphists and Telegraph Masters in charge of non-operative and non technical branches, by first and second class clerks, and by drafting competent typist-clerks as Murray operators on a more attractive salary.

3. The All-India Telegraph Union, Bombay Branch, views with very great disapproval the decision of the Government of India in regard to the Postal recruited men whose services were requisitioned by the Department itself in the Telegraph offices, but whose previous loyal services in the Postal Department were not taken into consideration in the matter of pay when absorbing them into the Telegraph Department, as has been done in the case of Military Operators, when absorbed under similar circumstances; resolved that the Head Quarters be requested to make further representations in the matter, as justice demands a more sympathetic consideration in the case of Postal recruited hands.

4. As the peons in the Telegraph Department have to perform more responsible and laborious duties than their fellow workers in the Postal Department, it is hereby resolved that the Government of India or any other proper authorities be approached through the Head Quarters, with a view to have their services recognised in the Superior grade, with a graded allowance, instead of the fixed pay allowed to them as at present.

5. Resolved that the Government of India be approached through the Head Quarters with a request for an early redress of the longstanding grievances over which representations and reminders are being constantly submitted without any more tangible results than that they are under consideration.

EXPENDITURE ON NEW DELHI AND THE NEW SECRETARIAT.

43. ***Mr. D. V. Belvi:** Will Government be pleased to lay on the table a statement showing the amount of public money spent on "New Delhi" in general and on the New Secretariat in Raisina in particular up to the 19th January, 1927?

The Honourable Sir Bhupendra Nath Mitra: A statement giving the information asked for is laid on the table.

Statement.

	Expenditure (approximately), Rs.
New Delhi	12,43,000
New Secretariat	1,69,12,000

MALPRACTICES DURING THE RECENT ELECTIONS.

44. ***Maulvi Muhammad Yakub:** (a) Has the attention of the Government been drawn to the allegations of corruption and malpractices which were said to be openly and daringly in vogue in the last elections?

(b) Do Government propose to take steps to inquire into the allegations and stop the recurrence of such offences in future?

The Honourable Sir Alexander Muddiman: (a) Government have seen in the Press allegations of electoral malpractices, and they have received similar reports from some provinces

(b) The existing arrangements provide for the invalidation of an election obtained by corrupt means, and for prosecution under Chapter IX-A of the Indian Penal Code. The former procedure can be initiated by an election petition, to be presented ordinarily by a candidate or an elector. The latter requires the authority of Government, but, seeing that all the offences in Chapter IX-A are non-cognizable, Government must rely on the readiness of those who have information to make it available. The success of both procedures therefore depends on the public spirit of private citizens. It is the duty of all loyal and good citizens, and in an especial degree of those who have the political advancement of India at heart, to aid Government in putting the law in motion. Government will readily avail themselves of assistance to this end, and look to active aid from the public in enforcing the present law, rather than to special measures or an amendment of the law, to prevent in future the offences which are said to have occurred during the recent elections.

Mr. M. S. Aney: Is the Honourable Member aware that this allegation has been made against Lala Lajpat Rai in the election campaign?

Maulvi Muhammad Yakub: Can an Honourable Member put a question to another Member, Sir? (Laughter)

DATE OF THE APPOINTMENT OF THE STATUTORY ROYAL COMMISSION.

45. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to state whether it is a fact that the Royal Commission for the purpose of revising the Government of India Act of 1919 will be appointed before 1920?

(b) Is it a fact that Lala Lajpat Rai is expected to be a member of this Commission?

The Honourable Sir Alexander Muddiman: (a) and (b). The date of appointment and the personnel of the Commission are both matters within the sphere of the Secretary of State and the Government of India have no information on either.

RULES FRAMED BY THE HIGH COURTS UNDER THE CODE OF CIVIL PROCEDURE.

46. ***Maulvi Muhammad Yakub:** (a) Are Government aware that different High Courts in India have framed different rules under the Civil Procedure Code which cause great difficulties and create anomalies in the administration of justice and that the rulings given by one High Court according to the rules framed by that tribunal cause great complications when cited and followed by Courts under another High Court where the rules are quite different?

(b) In order to simplify the matter do the Government propose to withdraw from the High Courts the power to frame rules and make it a function of the Government of India to frame universal rules under the Civil Procedure Code for the whole of British India?

The Honourable Sir Alexander Muddiman: (a) Government are not aware of the difficulties and anomalies referred to by the Honourable Member.

(b) The answer is in the negative.

REMOVAL OF THE RAILWAY OFFICES FROM LUCKNOW TO CALCUTTA.

47. ***Maulvi Muhammad Yakub:** (a) Has the attention of Government been drawn to the agitation in the business circles of the United Provinces on account of the removal of the railway offices from Lucknow to Calcutta?

(b) Have Government considered the question of the inconvenience, trouble and financial loss which it is alleged the removal of these offices will cause to the people of the United Provinces?

(c) Do Government propose to order the retention of at least a branch of the East Indian Railway offices at Lucknow?

Mr. A. A. L. Parsons: (a) Representations have been received from certain quarters.

(b) and (c). The offices were removed to Calcutta as a consequence of the amalgamation of the administrations of the East Indian Railway and the Oudh and Rohilkhand Railway which has resulted in considerable savings in the cost of administration and accounts—estimated at over 3 lakhs of rupees per annum. The Government regret the inconvenience referred to by the Honourable Member but do not propose to order a re-transfer of any of these offices to Lucknow.

I should add that Lucknow is now the headquarters of the Lucknow Division of the East Indian Railway, and the offices of the Divisional Superintendent occupy a considerable part of the former administrative office building of the Oudh and Rohilkhand Railway.

NEW RAILWAY STATION AT LUCKNOW.

48. ***Maulvi Muhammad Yakub:** (a) Are Government aware that the new railway station at Lucknow was built at an enormous cost of Rs. 73 lakhs?

(b) What are the reasons for dismantling the old building of the station which was in itself a very large and commodious one and spending an enormous sum of public money on the construction of a new building?

(c) Are Government aware that the Agent of the East Indian Railway, on the occasion of the opening ceremony of the new Lucknow station, is reported to have said that similar stations will soon be built at Cawnpore and Allahabad? Are Government prepared to consider the question of stopping the proposed constructions?

Mr. A. A. L. Parsons: (a) No. 73 lakhs was the cost of the whole scheme which included, besides the building of the new railway station, receiving, despatching, and marshalling yards for goods trains, a local goods station and parcel office, and arrangements for transshipment between broad and metre gauge stock. The cost of the new railway station itself was under Rs. 12 lakhs.

(b) The old station building had to be removed in order to provide efficient marshalling arrangements and the other facilities for goods traffic which I have mentioned. I may inform the Honourable Member that the whole scheme for increasing the capacity of the (old) Oudh and Rohilkhand Railway, of which the transfer of the station building to a new site was but a part, was expected to give a return of $6\frac{1}{2}$ per cent. on its estimated cost, and though the final cost of the Lucknow station remodelling has been greater than was expected, the expenditure on the entire scheme is still expected to yield a return of about 6 per cent. on the total capital outlay.

(c) Government have seen a report of the remarks made by the Agent of the East Indian Railway at the opening of the Lucknow station, which are not entirely accurately reproduced in the Honourable Member's question. They have sanctioned a scheme for a common passenger station and a common goods yard for the different railways meeting in Cawnpore, where present arrangements are inconvenient to the public and uneconomic in working, and this scheme necessitates the rebuilding of the present station. There is at present no proposal to rebuild the station at Allahabad.

EMPLOYMENT OF MUSSULMANS IN THE OFFICE OF THE CHIEF COMMISSIONER OF DELHI, ETC.

49. ***Maulvi Muhammad Yakub:** (a) Is it a fact that out of 5 senior posts in the office of the Chief Commissioner of Delhi not even one is held by a Mussulman?

(b) Do the Government propose to draw the attention of the Honourable the Chief Commissioner to the Government of India's Memorandum No. F.-176/25-Estbs., Home Department, dated the 5th February, 1926?

(c) Will the Government be pleased to inquire and state in how many cases effect was given to the Memorandum mentioned above by the subordinate offices and other departments directly under the Government of India since it was issued?

The Honourable Sir Alexander Muddiman: (a) Yes.

(b) A copy of the Memorandum referred to has been sent to the Honourable the Chief Commissioner. I am not aware if my Honourable friend is in possession of a copy of this Memorandum. To the best of my knowledge I have never been asked to supply him with one although he appears to be acquainted with its contents.

(c) Government have already taken steps which will enable them to observe the progress made in giving effect to their policy and they are not

prepared to institute special inquiries of the nature suggested by the Honourable Member.

Mr. Ghanshyam Das Birla: May I inquire if the Government wants to introduce the principle of communal representation in the Services as well?

The Honourable Sir Alexander Muddiman: The Honourable Member may inquire, but I am not proposing to answer him at this moment. I have made statements on that point on several occasions.

EMPLOYMENT OF MUSSALMANS ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

50. ***Maulvi Muhammad Yakub:** (a) Has the attention of the Government been drawn to an open letter addressed to the Agent, Bombay, Baroda and Central India Railway, published in the *Muslim Outlook*, Lahore, dated Sunday, the 24th October, 1926?

(b) Are the figures given in the letter showing the number of the European, Hindu and Muslim employees correct?

(c) Do the Government propose to move the authorities of the Bombay, Baroda and Central India Railway to adopt effective measures to improve the prevailing conditions so far as Mussulmans are concerned?

The Honourable Sir Charles Innes: (a) Yes.

(b) We do not keep statistics separately for the broad and metre gauge systems of the Bombay, Baroda and Central India Railway, and we have not therefore been able to check the figures given in the letter.

(c) The letter was addressed to the Agent and he has already been made aware of the general policy of Government in these matters.

ADMISSION OF DOOLIES AND PALANQUINS TO THE PLATFORMS AT DELHI RAILWAY STATION

51. ***Maulvi Muhammad Yakub:** (a) Are Government aware of the strong feeling and sensation amongst the respectable families of Delhi and other towns in Northern India caused by an order of the railway authorities at Delhi prohibiting doolies and palanquins on the platform for the use of purdah ladies?

(b) Are Government aware that religious sanctity is still attached to the Purdah in the families of a very large number of respectable families in Upper India whose ladies can never come out in the public even in a burqa?

(c) Are Government aware that owing to the fame of Delhi for its physicians and doctors, specially on account of the Lady Hardinge Hospital, a large number of invalid purdah ladies come to Delhi for treatment for whom it would be impossible to walk over the highly inconvenient and long bridges at the railway station?

(d) Considering the above facts do Government propose to order the railway authorities at Delhi to withdraw the above order prohibiting doolies and the palanquins on the platform?

The Honourable Sir Charles Innes: The Honourable Member has not got the facts quite correctly. It is true that the indiscriminate admission of palanquins to the Delhi platforms has been stopped. But the

Station Superintendent has full discretion to admit palanquins where he is satisfied that they are necessary, and I see no reason to suppose that respectable Indians will be put to any inconvenience.

Maulvi Muhammad Yakub: Are the Government aware, Sir, that the ladies of Hakim Ajmal Khan's family were not allowed to take their palanquin on the platform of the Delhi station?

The Honourable Sir Charles Innes: I think I am correct in saying, Sir, that it was on the complaint of that gentleman that we took the matter up with the station authorities of Delhi.

Mr. N. M. Joshi: May I ask what class of people is regarded as respectable by the Government?

The Honourable Sir Charles Innes: If the Honourable Member means to suggest that by "respectable" I refer to "wealthy", he is entirely mistaken.

SEASON POST OFFICE AT MILAM, ETC.

52 ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to lay on the table a statement showing the monthly income and expenditure of the season Post Office of Milam (District Almora) for the months of June, July and August, 1926, respectively?

(b) Do Government propose to make the Post Office of Milam permanent?

(c) Is it a fact that the prevailing rate of wages of a coolie in Patti Mala Jōhar, District Almora, is Rs. 15 per mensem?

(d) Is it also a fact that the season Post Office of Milam is situated at an altitude of 11,250 ft. above the sea level on the northern frontier?

(e) Do Government propose to raise the pay of mail runners of the Milam Post Office from Rs. 12 per mensem to Rs. 15 per mensem?

(f) Is it also a fact that a mail runner cannot be engaged for distances of more than 5 miles?

(g) Is it also a fact that there are five mail runners between Milam Post Office and Mansiari Post Office?

(h) Is it also a fact that the distance from Mansiari Post Office to Milam Post Office is 30 miles?

(i) Do Government propose to employ one more mail runner in addition to 5 mail runners already employed in the Milam Post Office?

(j) Is it a fact that the work of the postmen of the Mansiari Post Office (District Almora) has increased very much owing to the spread of education and they cannot perpetually visit all the villages to which they have to carry heavy parcels, money orders, insured articles, registered letters and ordinary letters, postcards and newspapers in large numbers?

(k) Is it a fact that only two postmen are working in Mansiari Post Office since 1895?

(l) Do Government therefore propose to appoint two additional postmen in the Mansiari Post Office so that the work may be done satisfactorily?

Sir Ganen Roy: (a) A statement showing the monthly income and expenditure of the Milam Season Experimental Branch Office during the period of its existence in 1926 is furnished below:

Name of month.	Income.			Expenditure.		
	Rs.	As.	P.	Rs.	As.	P.
June 1926	74	14	5	97	0	0
July 1926	90	4	8	97	0	0
August 1926	106	2	8	97	0	0
September 1926	74	2	7	97	0	0

(b) No, the Milam Post Office cannot yet be made permanent as its income is insufficient to cover the cost. It will, however, be opened again as an Experimental Post Office during the next season.

(c) Government have no information.

(d) Yes.

(e) No Runners can be obtained without difficulty on Rs. 12 per menssem

(f) No

(g) Yes.

(h) Yes.

(i) No.

(j) No report regarding this has been received but an enquiry will be made.

(k) No, in addition to two permanent postmen, there are two season postmen.

(l) No.

Mr. K. Ahmed With reference to question 52 (j) are the Government aware that during the last election there were many letters and election pamphlets, and in view of that fact what was the number of additional postmen deputed for the purpose of safe delivery of letters, pamphlets, etc.?

Sir Ganen Roy: I have no information on the subject.

Mr. K. Ahmed: Is it not a fact, Sir, that a telegram was sent to Mr. Sams by certain candidates for election that their election pamphlets and letters were not delivered properly, and therefore it was expected that the Government of India would give directions to the Postmaster General, Bengal and Assam, to take sufficient steps for the early delivery of election letters and pamphlets. Is my Honourable friend's office aware of that?

Sir Ganen Roy: No

UNSTARRED QUESTIONS AND ANSWERS.

MUSLIM CLERKS IN THE OFFICE OF THE DIVISIONAL AUDIT OFFICER, NORTH-WESTERN RAILWAY, DELHI.

† **Maulvi Muhammad Yakub:** Will Government be pleased to place on the table a statement showing the total number of clerks in the office of the Divisional Audit Officer, North-Western Railway, Delhi, showing how many of them are Muslims?

**TOTAL AMOUNTS OF SALARIES DRAWN BY THE HINDU AND MUSLIM
CLERKS IN THE OFFICE OF THE DIVISIONAL AUDIT OFFICER,
NORTH-WESTERN RAILWAY, DELHI.**

2. Maulvi Muhammad Yakub: Will Government be pleased to place on the table separate statements showing the total amounts of salaries drawn by the Hindu and the Muslim clerks in the office of Divisional Audit Officer, North-Western Railway, Delhi?

The Honourable Sir Basil Blackett: The information is being collected and will be supplied to the Honourable Member in due course.

**HINDU AND MUSLIM CLERKS IN THE OFFICE OF THE DIVISIONAL
SUPERINTENDENT, NORTH-WESTERN RAILWAY, DELHI.**

3. Maulvi Muhammad Yakub: (a) Will Government be pleased to place on the table a statement showing the total number of clerks in the office of the Divisional Superintendent, North-Western Railway, Delhi, showing how many of them are Muslims?

(b) Will Government be pleased to place on the table separate statements showing the total amounts of salaries drawn by the Hindu and the Muslim clerks in the office of the Divisional Superintendent, North-Western Railway, Delhi?

The Honourable Sir Charles Innes: I take it that the Honourable Member wishes to satisfy himself whether there is a due proportion of Muslims in the clerical staff of the office to which he refers. The information for which the Honourable Member asks is not available, but I may inform him that the Government of India have just issued orders relating to the measures to be adopted for securing the appointment of members of minority communities in the different offices of the Government of India. These instructions have been communicated to Railways and I have no doubt that they will be followed up. I would ask the Honourable Member to wait and give time for this policy to be given effect to.

PANEL OF CHAIRMEN.

Mr. President: In accordance with the provisions of rule 3 of the Indian Legislative Rules I announce that I have nominated the following Members to be on the Panel of Chairmen

Mr. M. A. Jinnah;
Mr. S. Srinivasa Iyengar.
The Rev. Dr. E. M. Macphail; and
Mr. M. R. Jayakar.

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I desire to make a statement about the probable course of business during the next week.

On Monday, the 31st January, a motion will first be made to introduce a Bill further to amend the Indian Limitation Act, 1908 (Article 152). A motion will next be made to refer to a Select Committee the Indian Merchant Shipping (Amendment) Bill which was introduced on the 25th January after publication under rule 18 of the Indian Legislative Rules. Thereafter motions will be made to take into consideration and, if those

[Sir Alexander Muddiman.]

motions are passed, to pass the following Bills which were introduced on the 25th January, namely:

- (1) the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose,
- (2) the Bill further to amend the Indian Securities Act, 1920, for certain purposes, and
- (3) the Bill further to amend the Indian Limitation Act, 1908, for certain purposes (Sections 20 and 21).

On Wednesday, the 2nd of February, any business remaining over from Monday, the 31st January, will first be taken up. A motion will then be made to refer to a Select Committee the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (execution of decrees and orders). Thereafter motions will be made to take into consideration and, if those motions are passed, to pass the following Bills, namely:—

- (1) the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (amendment of section 115), and
- (2) the Bill further to amend the Indian Registration Act, 1908, for a certain purpose.

As Honourable Members are aware, Tuesday, the 1st of February, and Thursday, the 3rd, have been allotted for non-official Bills and Resolutions, respectively. There will be no meeting of the House on Friday, the 4th, or Saturday, the 5th.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL (EXECUTION OF DECREES AND ORDERS)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

This, Sir, is another bye-product of the Report of the Civil Justice Committee and it deals mainly with questions relating to the execution of decrees and orders. The Civil Justice Committee devoted a great deal of their time and a considerable proportion of their Report to these most important questions. Honourable Members will find their valuable observations in Chapters 29, 30 and 31 of their Report which mainly relate to orders under Part II and Order XXXI of the First Schedule to the Code, which as I have said relate to the execution of decrees and orders. I do not think I need at this stage detain the House by taking them through the clauses of the Bill. The reasons for the amendment are fully explained in the Notes on Clauses and they are not capable of generalization except by explanation in considerable detail. I therefore move, Sir, for leave to introduce.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I move that the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee.

This Bill, Sir, is introduced with the purpose of effecting various minor alterations of machinery in regard to the income-tax law as it at present

stands. Some of them are with a view to preventing evasion or other difficulties which have arisen. Some are introduced to clarify the meaning of the law as it stands. They are some of them in favour of the tax-payer and some of them are in favour of the tax-collector. It is almost impossible to summarize the purposes of the Bill without going through each clause and explaining it in detail. The explanations in detail are given in the Statement of Objects and Reasons. I need not refer at any length to clause 2(a), which is chiefly designed to secure that proper arrangements shall be made in computing income-tax for the depreciation of elephants and things of that sort. It has been claimed that for certain purposes elephants are machinery and ought to be allowed to get the benefit of the provisions regarding depreciation which are applied to other kinds of machinery. On the whole the Income-tax Department have been satisfied that the elephants ought to be depreciated, and this clause is for that purpose. The question raised in clause 2(b) is one of considerable interest. The general principles on which our law and the financial arrangements between the provinces and the Central Government are based are that the right to impose an income-tax on profits is reserved for the Central Government. The question whether the provinces should get a share in the profits of income-tax is a different one. This is a question of the authority to impose a tax calculated on profits. It is obviously undesirable that you should have more than one authority independently imposing a tax assessed on gross profits or net profits because, if you allow that to go on very far, you might very quickly find various taxation authorities between them trying to collect 17 annas in the rupee. The principle of the reformed arrangements is that the proceeds of the income-tax go in the first instance to the Central Government, and that the Central Government has the first right to collect a tax on profits. In most cases cesses, road cesses of the sort that are mentioned here, and other local taxation are not assessed on profits but are calculated with reference to other considerations assessed in another way, and when they are so assessed, they are allowed as deductions from the income on which income-tax is collected. But in some cases it has been found that local authorities are collecting what is practically a second income-tax, for example, on the income of coal mines as in the case here, and our object in proposing this clause is to make it clear that local taxes ought not to be assessed on profits: they ought to be assessed otherwise, and that if in any case they are assessed on profits, they cannot be allowed as a deduction from the profits for the purposes of the Central Government's income-tax. If that became a frequent occurrence, the result might be to fritter away the whole of the income before the Central Government had the opportunity of collecting a tax. It is as much in the interest of the tax-payer as of the tax-collecting authority that the law should be clear on this subject. The object of clause 4 is to remedy an omission in the existing law, which is silent as to the procedure which ought to be followed in assessing a Hindu undivided family in the year following the year in which partition has been effected. Clause 5 deals with the procedure to be followed in assessing a firm in the year following that in which there has been a change in its constitution or a company that has succeeded a firm or *vice versa*. There are conflicting High Court judgments on the procedure to be followed. It is difficult to say from the point of view of the Government, of the tax-collecting authority, which of the two procedures laid down by the two different High Courts is most conducive to the interests of the revenue, but the Government have come to

[Sir Basil Blackett.]

the conclusion that on the whole the fairest arrangement all round, though not necessarily the most conducive to the productivity of the tax, would be the ruling of the Allahabad High Court. Clause 6 confers on Assistant Commissioners of Income-Tax and Commissioners of Income-Tax power to rectify mistakes in their appellate or revision orders, which is obviously desirable. Clause 7 deals mainly with the assessment of the profits of export trade whether conducted by residents in British India or by agencies or branches in British India of non-residents and of import trade conducted by agencies or branches in British India of non-residents, the law on which has been proved to be rather vague and unsatisfactory. The change proposed is one which has been the subject of very considerable discussion and correspondence with the commercial interests concerned. The next clause I have to refer to permits the income-tax officer to impose in the first instance less than the maximum penalty whereas at present he has the power to impose only a single penalty, and he cannot subsequently increase it. The next clause, clause 9, deals with the grant of refunds under section 48 and the relief of small incomes. At the present time if the Indian income of an assessee is under two thousand rupees, it is not liable to Indian income-tax and the assessee is entitled to obtain a refund of the full amount. But he very likely may have an income running into thousands or millions in another country. Under the British law, his total income, wherever earned, wherever arising, is taken into consideration before the small income relief is given. Under the Indian law at present that relief is given simply with respect to the total of the Indian income, not with respect to the total income all over the world. There is obviously no very sound reason, I think, why the Indian law should be more generous to the millionaire than the British law, and it is also important from another point of view that we should improve our present position, because the machinery for giving those refunds is a rather troublesome and expensive one, and when the law is changed as proposed in this Bill, there should be a very large reduction in the number of cases in which claims for refund will be made. Clause 11 is directed against the difficulty to which I have more than once referred in this House of what I may call the legalized evasion of the provisions of the income-tax law. Its object is to provide that a partnership deed cannot be registered unless the firm not merely files a deed of partnership specifying the partners' shares, which is all that is at present required, but also actually divides the profits in accordance with those shares. That is the purpose of clause 11 of this Bill. When I introduced 12 Nov. this Bill and it was announced that the intention was to move on this occasion for a Select Committee, I was under the impression that the Bill as a whole had been circulated for the purpose of eliciting opinion thereon. It was published at the beginning of December and the intention was that it should then be circulated by executive action for the purpose of obtaining opinions. Owing to a misunderstanding the Bill as a whole has not been so circulated, though I believe that so far as the subjects are concerned to which the more important of those clauses of the Bill that might possibly be regarded as contentious relate, the Central Board of Revenue has already at one time or another ascertained the views of Chambers of Commerce in regard to the principles involved. In view, however, of the fact that the Bill as a whole has not yet been circulated, I am quite prepared, if it is the desire of the House, to accept the motion which I see on the paper, that the first step should be that

the Bill should be circulated. But I now move formally that the Bill be referred to a Select Committee. Sir, I move.

Mr. President: Motion moved:

"That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee."

Sir Victor Sassoon (Bombay Millowners Association: Indian Commerce): Sir, I am very glad that the Honourable the Finance Member accepts my amendment if it receives any substantial support from the House and I think it is due to me to put forward my reasons for considering that circulation—or if he wishes it to call it so further circulation—is advisable. I feel that some of the clauses, at least one of the clauses, of the proposed Bill have very far-reaching effects due largely to the drafting of previous legislation which has had legal consequences not foreseen at the time. The whole position of Income-tax legislation has altered considerably during the last few years, particularly at the present time in England, and now I see indications of a trend in the same direction in this country. Originally the Legislatures laid down in the income-tax laws very definite rules and very restricted powers to the executive. The relations between the tax-collector and the tax-payer were then found to be satisfactory; very little friction ensued and the Legislature in consequence proceeded to give wide powers to the executive sometimes on a definite understanding that such powers should not be used to the full and should be restricted by means of rules. The convention arose that these powers were only given to be used in special cases, and this I think was more or less the position before the war. The effects of the war caused the needs of revenue to be very great, and as there was the usual objection to extra taxation those responsible for getting revenue from the country decided that the administration of the Income-tax Act should be tightened. The result of this decision at home, and I think also to some extent in this country, is that we have among the higher officials responsible for administering the Law a re-reading of the Act so as to take advantage of the full legal rights of the Executive and among the lower officials (and I think that members even on the Government side will agree with this) a tendency to make unjustifiable demands on ignorant tax-payers which were not substantiated and which were dropped when challenged. There were a number of cases, however, where the unfortunate tax-payer did not know his or her rights and paid the tax unnecessarily. Now, Sir, here we have a case in print given to us in the Statement of Objects and Reasons by the Finance Member. Under clause 7 the Courts in this country have given opposing judgments on one of the clauses of the existing Act. The reasons for those opposing judgments are, I think simple. This clause which was intended to follow English procedure was intended to be what is called a machinery section. Owing to the fact that certain words differed from the English Act a subsequent Court came to the conclusion that legally it could be construed as a charging section. There is, I think very little doubt that when those clauses were brought before the Legislature there was no intention that this should be a charging section, the intention being that it should follow the British procedure and be merely a machinery section. I think, Sir, that a great deal of credit is due to the Honourable the Finance Member for having brought this up before the Legislature. I think that he probably felt that his position if he took up the purely legal aspect

[Sir Victor Sassoon.]

of the income-tax legislation here might in fact put him in the position of taxing the tax-payer in this country along lines that were not intended by the Legislature or even by the Finance Member at the time when he asked for that legislation. I see great difficulty for the Finance Member from the moral aspect. He wants extra revenue. He has the right legally under the judgment to demand that revenue. He feels that the Legislature did not intend to go along those lines and I repeat great credit is due to the Honourable Member for bringing this up before the House so that we can decide whether we wish to relieve him of any moral restrictions that may have been put on his predecessors and which they may have carried out in practice by executive action. We can either free the Finance Member from these restrictions or limit him to the position which used to exist in practice. I think, therefore, that the circulation of this Bill will elicit facts concerning this particular clause for instance, from the various trading and commercial bodies of the country. As I am given to understand by my legal friends, the consequences of the present Bill would allow the revenue authorities, if they so desire, to assess every importer, whether a small trader or a large merchant house, who was dealing with manufacturers or merchants abroad, to assess every Indian importer for the profits that might be estimated to have been made by the foreign manufacturer. That I am given to understand is one of the effects of this clause and though the revenue authorities here may not desire to use this power, we must face the position that some subsequent Finance Member in the desire for extra revenue in looking through the Act and estimating his rights may choose to exercise it. I think, therefore, that the Bill needs a very careful consideration.

There is also a further class of business which will be affected under the Bill. We heard yesterday, when Sir Charles Innes was referring to the steel industry, how he anticipated and hoped that the need for attracting new capital to the steel industry would be met by the proposals he put before the House. I don't know whether the House appreciates the fact that should this Bill become law, every debenture that is issued in a foreign country the proceeds of which are remitted to this country and used for developing an industry, will be liable to Indian income-tax. The House will realise that it is not the foreign investor who will pay this tax. He will refuse to take up a debenture unless it is clearly laid down that it is free of all Indian taxation; so the result in practice will be that industries here, unable to rely upon Indian resources and desirous of obtaining debenture capital abroad, will necessarily have to pay a higher rate of interest than would otherwise be the case because Indian income-tax on loans made abroad must be provided for. This, I think, is a situation that will have to be very carefully considered by the House.

There is a further aspect and that is the effect of this legislation on the business of banks. I am not at all certain that if banks here in the ordinary course of their business were to take deposits in this country on which they paid interest and were to remit those deposits abroad, I am not at all certain that under this Bill they would not be asked to supply the Government of India with a return of any interest or profit which might be received abroad. It is perfectly certain that no Bank or business concern could possibly unravel its various financial transactions.

which might cover several countries, to obtain this information. So in practice the Bank would be charged with the full income-tax on the full income that might be expected to have been received out of the country. I am not at all certain too whether the Government of India would not be entitled to ask for Indian income-tax on the interest of every trade bill that is drawn on an importer in this country. The amount of work that would be necessary to show what the actual profit was, would, in my mind, be so huge as to make it impossible to obtain any relief, because the House will agree that because there is interest on a trade bill it is not likely that that interest should be all profit. It is quite possible that the money that was used in discounting that bill was borrowed from somewhere else. The profit would, therefore, be trivial but as it would be so difficult to arrive at it the income-tax authorities would attempt to charge the tax on the full interest.

This measure is by no means an easy or a simple one; it is very complicated and very far reaching, and I think this House would be well advised to accept the offer that the Finance Member has made us to allow it to be circulated to elicit further opinion.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly Non-Muhammadan Rural). Sir, after the elaborate manner in which the Honourable Member who preceded me pointed out the difficulties and complications that lurk in the amendment proposed by the Honourable the Finance Member, I do not propose to say anything in regard to the motion for circulation, except that I think the motion for circulation ought to be supported on other grounds even more important from the point of view of the finances of this country and the division of sources of the finances of this country between the several authorities, apart from any question of income-tax.

Sir I find that in the Statement of Objects and Reasons, in regard to one important clause in the Bill, namely clause 2, the Honourable the Finance Member has stated—

“Moreover the Central Government have always contended that provincial or local taxes on profits should not take precedence of Central taxes on the same profits, and if this principle is sacrificed serious loss to Central revenues may result.”

Sir that is a position which is of far-reaching consequence, and in fact the Honourable the Finance Member expanded it so far as to say in this House that we are asked by this Bill to assent to the proposition that no local taxes ought to be assessed on profits. If that is the proposition which is sought to be introduced, I say that the method by which the Finance Member proposes to introduce this principle is certainly objectionable. The sole matter, which clause 2 deals with, is whether when such taxes are assessed they should not be deducted in computing income for purposes of taxation. The question of principle whether the local Government have the right to assess these taxes on profits, on the basis of which they have been allowed actually to assess them, is a question of far greater importance than the question of deductions. I think, therefore, that if the Honourable Member thinks this principle ought to be established, he ought not to introduce this principle in this Bill but should face squarely the question as to what extent the Local Governments should be allowed to assess taxes on profits. My friend, the Honourable the Finance Member said that it is as much in the interests of the tax-payer as of the Government that there should not be too many authorities who should

[Mr. A. Rangaswami Iyengar.]

be permitted to tax income. This argument proves too much. He begun by saying that we will eventually find that the tax-payer is assessed in all at 17 annas in the rupee. When we come to examine the basis of all taxation in the country, we must arrive at the proposition that all taxes direct and indirect, ought to be paid out of income or property; therefore to say that the tax-payer will find that he is paying 17 annas in the rupee is not to prove that income-tax should not be levied by two authorities. Indeed, I can cite any number of Continental countries in which such taxes are levied by central and provincial authorities. We in this country have always claimed that by such taxation, direct or indirect, as we have been mulcted by, the Government have managed to take a much larger slice of income from the poor Indians than in any other country.

I want the Government of India, therefore, to face this question, namely, to what extent income-tax could be made available for provincial purposes and also, conversely, to what extent could land revenue be reduced to the basis of a tax on incomes. These questions ought to be raised when we discuss the remodelling of taxes in this country or the revision of the taxing system of this country in connection with the Taxation Committee's Report. The principle ought to be examined by Local Governments and Local Governments ought to be placed in a position to say to what extent they should exercise the right of taxation over incomes based on profits or on property. I therefore support the motion for circulation.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, I wish to support the motion made by Sir Victor Sassoon on another ground. The circulation of the Bill will give an opportunity to other people to suggest the clarification of certain other matters connected with the Income-Tax Department. If the Bill is to be amended it might be amended for the clarification of all doubts that have arisen in regard to other matters.

The Honourable Sir Basil Blackett: If the Honourable Member will allow me, he will find that the amendments he is suggesting would be outside the scope of the Bill.

Lala Lajpat Rai: I am subject to correction.

The Bill contains several matters, and it was intended to clarify certain matters on which doubts have arisen. If there are any other matters which require clarification, they might as well be included in this Act.

I have been told that this cannot be done; therefore, I accept the motion.

Mr. M. S. Sesha Ayyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, this motion certainly requires consideration. Some feature of this Bill require a close scrutiny not only by this House but also by the larger section of the public whom they may affect. Clause 2 of the Bill is an instance in point. It attempts at excluding Provincial taxes or local rates from the category of admissible deductions under the Income-tax Act. The claim is made on the ground that Central Revenues are to have preference over provincial taxes. If that principle is not recognised, the Honourable the Finance Member suggests it would result in a diminution of the Central Revenue. I submit, Sir, we have also to take into consideration the corresponding hardship which the adoption of this principle would have on the classes affected by this clause. Once

this House accepts this principle that local taxes must yield in preference to Central taxes, it will have very far-reaching consequences; and I submit that the view point of the classes affected is not quite unwarranted, has been upheld by the Calcutta High Court. I therefore submit that the circulation of this Bill to the people affected is necessary, and more reasons will be forthcoming to show why this principle should not be recognised. Clause 7 is another instance. There is no doubt a conflict of views between three High Courts, and the Honourable the Finance Member did concede that it is not very easy to find out the means which should be adopted to set at rest this conflict. No doubt it is quite legitimate for the Legislature to seek to set at rest the conflict, but the means to be adopted are things for calm consideration; and I appeal to the House to accept the motion for circulation in order that we may have the views of the large body of the Indian public whom this Bill so materially affects.

Mr. Jamnadas M. Mehta (Bombay City. Non-Muhammadian Urban): Sir, I was at one time of the opinion that a reference of this Bill to the Select Committee forthwith would secure its adequate consideration; but after hearing Sir Victor Sassoon, I feel it would serve the interests of the country better if the Bill was, in the first instance, circulated for opinion. Particularly, I want to draw the attention of the Hindu members of this House to clause 4, sub-clause (2), where the question of notice is dealt with when a Hindu joint family divides. Sir, the Income-tax Act has done more to break up the joint Hindu family than the attacks of the social reformer. I do not know whether this break up is ultimately for the good of Hindu society or not. I myself have not been able to make up my mind on that question, but there is no doubt that the Income-tax Act is increasingly leading to the break up of the joint Hindu family. This view was confirmed during the recent elections when I found four voters in a house where I had expected to find one; they had all divided the joint family income, the reason being that, if they had kept their income joint, the State would have taken a much larger slice of it. They had the sense to divide in order to avoid the exactions of the State and for that reason also there were so many voters. But, Sir, although it may be an open question whether the breaking up of these joint Hindu families would be for the interests of the Hindu society, the way in which this Bill wants to deal with the notice question is highly objectionable. Only 15 days time is allowed for giving notice to the authorities when a member of a joint Hindu family seeks separation from his co-parceners. In spite of the disintegrating effect of the existing Income-tax Act, the sentiment of the joint Hindu family is so great that brothers would not like to divide while their mother is alive if they can help it. But this Bill says the moment there is a division, it shall be notified within fifteen days. Now, Sir, it is open to one member of the joint Hindu family merely to write a letter to his co-parceners declaring that he has separated and from that day under the Hindu law that family is taken to be partitioned if it is a joint Hindu family. In such a case those members who do not like to be partitioned will naturally begin to negotiate with the brother who has given notice and it will take time before these family confabulations are completed. Fifteen days is too short a time for such a purpose, but this Bill will break up the family within fifteen days. If notice is not given within fifteen days, then every one, even those who do not want to separate but who are trying to keep the family together may be charged by the income-tax officer a penalty equal to the amount of the tax. That

[Mr. Jinnadas M. Mehta.]

is the direct consequence of this clause. Sir, I would have suggested in the Select Committee or here in this House if the Bill had gone on, that the obligation for this notice must only be imposed on the member who is seeking the division and that the time allowed for giving notice must be longer than fifteen days. Under the clause as it now stands all members including those who want to remain undivided will be bound to give notice and that within fifteen days lest the income-tax officer should come down upon them and make them the victims of so much additional taxation. This serious danger to the integrity of a joint Hindu family is one reason for which I would like the circulation of the Bill, and I entirely agree with Sir Victor Sassoon that it should be circulated.

The Honourable Sir Basil Blackett (Finance Member): Sir, I cannot believe that the Honourable Member who has just spoken is entirely correct in the opinion he has expressed on clause 4. I gather he has been studying the Bill with some vigour in the rather less than 15 days notice that I gave him and may not have gathered the exact meaning of the clause. I rise to make a few remarks on the points made. I understand the Honourable Baronet who spoke first was referring mainly to clause 7. I agree that clause 7 is an important clause and requires careful study. It has indeed had careful study both in the Central Board of Revenue and in consultation with various classes of assesses. However now that the Bill is to be circulated a further opportunity will be given for its study, though I do not think it is entirely open to some of the dangers which were suggested. The picture that was drawn was rather an alarming one and of some of these alarms I have failed, at any rate at present, to recognise the validity.

As regards clause 2 (b) in regard to the position of local and central taxation, I perhaps gave the impression when I first spoke that the Government were trying to lay down a principle not at present in existence of very far-reaching importance. I was expressing certain views in the statement that I made, but the statement in the Statement of Objects and Reasons is much narrower, I think, than what Mr. Rangaswami Iyengar made it to appear. "The Central Government have always contended that provincial or local taxes on profits should not take precedence of Central taxes on the same profits." That is to say, if a road cess or something of the sort is directly assessed on the profits, it cannot be deducted from the income which is assessable for Central income-tax. That is as a matter of fact the law at present. The law at present is that a local cess, if it is assessed on profits, is not a permissible deduction from the income taxable to income-tax. But there are certain cases in which a cess which is nominally levied on immovable property is in fact assessed on profits, and it is to affirm an existing principle, not to introduce a new principle, that the Government have introduced this clause in order to make clear that these cases, which one may call borderline cases, are really within the mischief of the law as it stands. The whole question of the desirability of allowing Provincial Governments or local authorities to collect what are known on the Continent as *centimes additionels* on the income-tax is of course quite a different one; but I would point out that in those cases there is no question of the *centime additionel* collected by the State Government or the Provincial Government being allowed as a deduction from the income which is assessable to income-tax. It is an additional tax on the income after the gross profits have been assessed,

not a charge on that income which is deductible before profits are assessed for the purpose of the central income-tax. But that is really quite a different subject. It is possibly my fault either in the wording of the Statement of Objects and Reasons or in something I said in speaking that the wider issue seemed to have been raised. That is a very interesting issue but it is not raised in this Bill, and Heaven forbid that I should seek in a small Bill like this to bring down on myself the necessity of debating such a large issue either here or in Select Committee.

Sir, the Government are willing to accept, if that is the wish of the House, the motion for circulation.

Mr. President: The original question was:

“That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee.”

Since which the following amendment has been moved:

“That the Bill be circulated for the purpose of eliciting opinions thereon.”

The question I have to put is that that amendment be made.

The motion was adopted.

Mr. President: I have to inform Honourable Members that the President of the Assembly will be in his room to-morrow from 2 to 3 p.m. to receive nominations for the office of the Deputy President, the election for which is fixed to take place on Monday, the 31st January.

The Assembly then adjourned till Eleven of the Clock on Monday, the 31st January, 1927.

LEGISLATIVE ASSEMBLY.

Monday, 31st January, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN.

Mr. Harchandrai Vishindas, C.I.E., M.L.A. (Sind Non-Muhammadan Rural);

Srijut Tarun Ram Phookun, M.L.A. (Assam Valley Non-Muhammadan);

Mr. Kikabhai Premchand, M.L.A. (Bombay Nominated Non-Official); and

Mr. Chaman Lall, M.L.A. (West Punjab Non-Muhammadan).

QUESTIONS AND ANSWERS

ACCESS TO WRITTEN STATEMENTS BEFORE THE CURRENCY COMMISSION.

53. ***Mr. N. O. Kelkar:** Will Government place on the table the written statements of the 63 witnesses before the Currency Commission, which were not printed in Volume II (being appendices) of the Commission's report?

The Honourable Sir Basil Blackett: The choice as to what material should be published is normally left to the decision of a commission and as the statements in question were not published by the Commission for considerations of convenience and economy, the Government do not think it would serve any useful purpose for them now to place these statements on the table which would involve considerable expense in printing them up with the Debates. I shall be glad, however, to arrange for access to be given to the Honourable Member to the original statements which are now in the possession of the Finance Department.

ADVERTISING OF UNCLAIMED POSTAL CASH CERTIFICATES.

54. ***Mr. N. O. Kelkar:** What is the total number, and the total amount of postal cash certificates which:

(a) have been permanently credited to Post-Office Funds by reason of their remaining unclaimed?

(b) are yet held in suspense account (though not yet credited) for the same reason?

What steps do Government take by way of advertising in District and Taluka newspapers the names of holders of certificates in (a) and (b)?

The Honourable Sir Basil Blackett: (a) and (b), No such cases have yet occurred. The latter part of the question therefore does not arise.

POLICY AND EXPENDITURE RE EXCAVATIONS IN SINDH (MOHENJO DARO).

55. *Mr. N. C. Kelkar: Will Government state:

- (1) How long do Government intend to carry on the work of excavation relating to discovery and preservation of ancient monuments in Sindh (Mohenjo Daro)?
- (2) What is the average annual cost of these archæological operations?
- (3) What is the scheme in contemplation about the permanent distribution and location of these archæological finds?
- (4) Is it a fact that Government have received requisitions from public museums or private patrons of ancient art from foreign countries for these finds?
- (5) Will Government state their intentions in the matter?

The Honourable Mr. J. W. Bhore: (1) Government hope to carry on the work till the whole site has been excavated. It is not possible to say how long this will take, but it will be many years.

(2) Excavations on an extended scale commenced only in the cold weather of 1925-26 and from then till the 31st March, 1927, roughly rupees one lakh will have been spent.

(3) and (5). No scheme has yet been considered, but it is not improbable that the bulk of the finds will remain at Mohenjo Daro itself.

(4) Yes, from the British Museum only.

56—59. (Not put as the Honourable Member—Sir Hari Singh Gour—had not yet taken his oath.)

The Honourable Sir Alexander Muddiman: Does my Honourable friend ask question No. 60†?

Mr. Gaya Prasad Singh: No, Sir, I do not ask that question. (Laughter.)

PUBLICATION OF SKEEN COMMITTEE'S REPORT.

61. *Mr. Gaya Prasad Singh: Will Government kindly state by what time they propose to publish the Report of the Skeen Committee?

†REFUSAL OF PASSPORT TO MR. SAKLATVALA.

60. *Mr. Gaya Prasad Singh: (a) Will Government kindly state if Mr. Saklatvala, M.P., has been refused passport to visit India? If so, why?

(b) Is it a fact that Mr. Saklatvala is the only Member of Parliament who has been refused permission to come to India? Was any other Member of the British Parliament ever refused permission to visit India? If so, who and when?

(c) Will Government be pleased to place on the table all correspondence which may have passed between them, and the India Office, and Mr. Saklatvala, on the subject?

149. ***Mr. M. A. Jinnah:** (a) Will the Government be pleased to inform the House when the report of the Sandhurst Committee which concluded its work on the 4th November, 1926, is likely to be published?

(b) Will the Government state what action they propose to take regarding the recommendations made by the Sandhurst Committee—in their report which was signed on the 4th November, 1926?

(c) Do the Government propose to place their proposals in the light of the recommendations made in the report before the House during this session?

(d) Do Government propose to give the House an opportunity to discuss and deal with the recommendations made in the report before the end of this session?

(e) What step, if any, have Government taken regarding the report, and what steps do they propose to take?

Mr. G. M. Young: With your permission, Sir, I will reply to question No. 61 and question No. 149 together. The Government of India are at this moment in correspondence with the Secretary of State on the question of the publication of the report and connected matters. As soon as a decision is reached, I will make a full statement to the House.

DIFFERENTIAL TREATMENT IN POLL-TAX AND EDUCATION IN KENYA.

62 ***Mr. Gaya Prasad Singh:** (a) Has the attention of the Government been drawn to the following Resolution passed by the Indian National Congress at Gauhati, on the 27th December, 1926?

“In the opinion of the Congress the progressively restrictive legislation against the Indian settlers of Kenya as induced by the latest action of the Kenya Government in increasing the original poll tax of 20 shillings which by currency manipulation was raised to 30 shillings, and which has now been raised to 50 shillings by legislation, is calculated to demonstrate afresh that British Imperialism means conservation of European interests at the cost of Indian interests, liberty, and aspirations.”

(b) Is it a fact that in Kenya a sum of £32,000 is required for the education of about 960 European children only; and £20,000 for the education of about 2,318 Indian children in Kenya?

(c) Will Government kindly state why Indians alone have been subjected to the payment of the poll-tax; and what steps, if any, have they taken, or propose to take in this matter? Is it a fact that in 1920 a deputation of East African Indians waited upon His Excellency the Viceroy for the redress of this wrong?

The Honourable Mr. J. W. Bhoré: (a) Yes.

(b) Government have not yet received official information on this point but understand that the position is as stated.

(c) The Honourable Member is mistaken in supposing that Indians alone have been subjected to the poll-tax. There is also a poll-tax at a higher rate on Europeans. The Government of India have made representations regarding the system of financing communal education in Kenya. The answer to the second part of the question is in the negative.

Mr. K. C. Roy: May I ask the Honourable Education Member as to when he expects to get the official report on the subject?

The Honourable Mr. J. W. Bhoré: I do not quite understand what my Honourable friend means by an official report.

Mr. K. C. Roy: Official report from the Secretary of State showing the exact position.

The Honourable Mr. J. W. Bhoré: It is not the business of the Secretary of State to furnish official reports to the Government of India, Sir.

Mr. K. C. Roy: Will he make a representation setting forth the position of the Indians in Kenya to the Secretary of State?

The Honourable Mr. J. W. Bhoré: I have already informed my Honourable friend that we are in communication with the Colonial Government on the subject.

Mr. K. C. Roy: That is exactly what I want to know: when does he expect to get an answer?

The Honourable Mr. J. W. Bhoré: I cannot tell him that

Mr. A. Rangaswami Iyengar: May I know when these representations were made and when the Government expect to receive a reply?

The Honourable Mr. J. W. Bhoré: Representations were made directly we were in receipt of information.

Mr. A. Rangaswami Iyengar: What time, I want to know

The Honourable Mr. J. W. Bhoré: Sometime in December I think—I cannot give the exact date

POLITICAL AND ECONOMIC STATUS OF INDIANS IN TANGANYIKA.

63 ***Mr. Gaya Prasad Singh:** (a) Has the attention of Government been drawn to the *African Comrade* of Dar-es-Salaam, dated the 24th November, 1926 (page 11), regarding the composition of the Legislative Council of Tanganyika?

(b) Is it a fact that out of the 7 non-officials appointed as members, only 2 are Indians, and the remaining 5 are Europeans?

(c) Is it not a fact that about 90 or 95 per cent. of the trade of Tanganyika is in Indian hands, and that the Indian population in that territory is much larger than the European population?

(d) Have Government been able to find out on what basis such appointments have been made?

(e) What improvements, if any, have been made in the political, or economic status of the Indians in Tanganyika since it became a mandated territory?

The Honourable Mr. J. W. Bhoré: (a) and (b). The reply is in the affirmative.

(c) According to the last census of the Tanganyika territory, the number of Asiatics in Tanganyika (excluding Arabs) was 10,960 of whom about 9,411 were British Indians, as against 2,447 Europeans. Statistics are

not available showing what percentage of the internal and external trade is in the hands of Indian traders but Government understand that it is considerable.

(d) The appointments have been made in accordance with the provisions of the Tanganyika (Legislative Council) Order in Council, 1926. The East African Commission recommended that the unofficial members of the council should be individuals nominated without regard to representation of particular races, interests, or public bodies, and should be persons selected as being most likely to be of assistance to the Governor in the exercise of his responsibilities, and it is understood that the nominations have been made on this principle.

(e) The attention of the Honourable Member is invited to the annual reports by His Majesty's Government to the Council of the League of Nations on the administration of Tanganyika territory, copies of which will be made available for his perusal if desired.

CLAIMS OF INDIANS IN TANGANYIKA AGAINST EX-GERMAN COLONY.

64. ***Mr. Gaya Prasad Singh:** (a) With reference to my starred question No 21 of the 21st January, 1926, regarding the claims of Indians in Tanganyika, has the attention of the Government been drawn to the *African Comrade* of Dar-es-Salaam, dated the 17th November, 1926 (page 5), in which it is stated that the Mixed Anglo-German Tribunal of 1923 decided that Colonial debts were not debts of the German Empire, and that the legal successors of the ex-German colonies should bear the liabilities of the payment of the Colonial loans?

(b) How far is this a correct presentation of facts; and what steps, if any, have been taken by Government towards reimbursing the Indians in Tanganyika?

Mr. L. Graham: (a) The Government of India have recently seen the article in the *African Comrade* of Dar-es-Salaam, dated the 17th November, 1926.

(b) They have no information as to the correctness of the statement in regard to the matter referred to in the article, but they are making inquiries.

SALE OF PLOTS OF LAND ROUND ABOUT MOMBASSA LIGHT-HOUSE.

65 ***Mr. Gaya Prasad Singh:** (a) Has the attention of Government been drawn to a report published in the *Hindustan Times*, dated the 19th May, 1926, in which it is stated that the Mombassa District Committee, a purely Government body with representatives of various communities as mere advisers, has offered for sale plots of land round about the Mombassa Light-house, but has stipulated that though Indians may purchase plots and build thereon, they shall not reside in them?

(b) If so, why is this racial discrimination, and what steps have the Government taken in the matter?

The Honourable Mr. J. W. Bhore: (a) Yes.

(b) Government are in communication with His Majesty's Secretary of State for India on the subject.

Mr. Gaya Prasad Singh: Will the information be available to the Members of this House, Sir?

The Honourable Mr. J. W. Bhoré: What information?

Mr. Gaya Prasad Singh: You say that you are in communication with the Colonial Government on this subject; and whatever communication is received, will it be available to this House?

The Honourable Mr. J. W. Bhoré: I must wait and see what the reply is before I can answer that question.

FACILITIES TO DR. SUDHINDRA BOSE TO VISIT INDIA.

66. ***Mr. Gaya Prasad Singh:** (a) With reference to my starred question No. 297 of the 27th January, 1926, regarding the grant of a permit, or emergency certificate to Dr. Sudhindra Bose to visit India, has the attention of the Government been drawn to his letter published in the *Amrita Bazar Patrika*, dated the 15th December, 1926, in which he complains that he has not yet succeeded in getting a permit to visit India, in spite of the assurance given by Mr. H. S. Amery in the House of Commons in February last that Dr. Bose "could at any time obtain a certificate"?

(b) Will the Government be pleased to state definitely whether they have any objection to allow Dr. Bose to visit India? And if they have none, what facilities have they offered, or are willing to offer to Dr. Bose in this direction?

CASE OF DR. SUDHINDRA BOSE.

183. ***Mr. D. V. Belvi:** (a) Has the attention of Government been drawn to a communication purporting to be from Dr. Sudhindra Bose, Lecturer, State University of Iowa, and published in the *Indian National Herald* of Bombay, in its issue of Monday, 9th January, 1927, under the heading "Indians Banned from India"?

(b) If so, are the allegations made by Dr. Sudhindra Bose true?

(c) If not, what are the facts?

CASE OF DR. SUDHINDRA BOSE.

184. ***Mr. D. V. Belvi:** (a) How many times did Dr. Sudhindra Bose apply for a permit to go to India in the course of the last five years?

(b) Is it true that each time his application for a permit was refused?

(c) If so, what were the reasons for the refusal?

CASE OF DR. SUDHINDRA BOSE.

185. ***Mr. D. V. Belvi:** (a) Were any conditions ever laid down by Government for the grant of a permit to Dr. Sudhindra Bose?

(b) If so, what were the conditions?

The Honourable Sir Alexander Muddiman: With your permission I propose to give a single reply to question No. 66 and to the three questions† asked by Mr. Belvi on the same subject.

The newspaper article referred to does not accurately state the position. Since his renunciation of British Indian nationality on becoming an American citizen shortly after the outbreak of the war, Dr Sudhindra Bose has on two or three occasions applied for facilities to visit India. I have previously stated in this House that it was considered inadvisable to grant him a British passport, as a passport constitutes a proof of national status, and since the judgment of the Supreme Court of the U. S. A. in the case of U. S. A. *versus* Bhagat Singh Thind the national status of Indians naturalised in the U. S. A. has been a matter of doubt. Dr. Bose was, however, informed that the Government of India had no objection to the issue to him of an Emergency Certificate for a direct journey to India. I am not aware when Dr. Bose first applied for an Emergency Certificate, but failure to issue one to him immediately was due to a misunderstanding by the British representatives in America. This was corrected and Dr. Bose was informed by the British Embassy early in 1926 that he could have an Emergency Certificate on application to the proper authorities. If, as is alleged, he is still not in possession of the Certificate it is to be presumed that he has not applied for it. Dr. Bose did as a matter of fact correspond with the British Embassy on the subject in the beginning of 1926 when he sought for an assurance that he would be granted a safe conduct and facilities for his return to the United States. This unusual assurance the Government of India were not prepared to give. No conditions were laid down for the issue of a certificate.

RESULTS OF LAST ELECTIONS TO LEGISLATIVE ASSEMBLY.

67. ***Mr. Gaya Prasad Singh:** Will the Government be pleased to lay a statement on the table showing, Province by Province, the percentage of electors of the different Provinces who voted in the last general elections in the Legislative Assembly?

RESULTS OF LAST ELECTIONS TO LEGISLATIVE ASSEMBLY.

117. ***Mr. Harchandral Vishindas:** Will Government be pleased to state the number and percentage of voters who voted at the last elections for the Legislative Assembly as also the number and percentage of Muslim and non-Muslim voters respectively?

RESULTS OF LAST ELECTIONS TO LEGISLATIVE ASSEMBLY.

118. ***Mr. Harchandral Vishindas:** Will Government be pleased to state how many members of the European constituencies and Chambers of Commerce were returned unopposed and how many opposed to the Assembly at the last elections?

The Honourable Sir Alexander Muddiman: With your permission, Sir, I will answer questions Nos. 67, 117 and 118 together. The information desired by the Honourable Members is being collected and will be placed in the Library in the form of a Return as was done on previous occasions.

68—79. **Mr. M. K. Acharya:** May I, Sir, ask the questions standing in the name of Mr. Duraiswami Aiyangar?

Mr. President: The Honourable Member knows that the Member in whose name the questions stand has not taken his oath, and the Chair is not disposed to allow those questions to be put by any other Member.

80—86. (Not put as the Honourable Member—Raja Raghunandan Prasad Singh—had not yet taken his oath.)

DEVELOPMENT OF VIZAGAPATAM HARBOUR.

87. ***Mr. N. C. Kelkar:** Will Government give full information on the following points:

- (a) What is the total area of land acquired for the development of the Vizagapatam Harbour and the connection with it of the Vizagapatam Rayapur Railway?
- (b) What is the total amount of compensation paid for the two classes of acquired land?
- (c) Who bore the cost of compensation for the land used by the Bengal-Nagpur Railway, in connection with the Vizagapatam Harbour Scheme? Did the company or the Government Railway Department bear the cost? Was there any agreement between the Government and the Railway Company, with reference to the Railway section in question and about the free grant of land required?
- (d) What is the date of the agreement, if any?
- (e) In what year was the declaration for the acquisition of land made under the Land Acquisition Act?
- (f) In what years was the compensation for the acquired land paid to the owners of land acquired?
- (g) Was Government a party to any litigation in connection with these acquisition proceedings, either in the subordinate courts or in the Madras High Court? If so, what is the result of the litigation?

Mr. A. A. L. Parsons: (a) 10,113.94 acres for the development of Vizagapatam Harbour. The Railway connection referred to by the Honourable Member is presumably the Raipur Vizianagram Railway of which the Section Vizianagram-Parbatipur has already been constructed and the remainder is under construction by the Bengal-Nagpur Railway. This Railway does not come near the Vizagapatam Harbour.

(b) Rs. 45,00,000 approximately.

(c) The compensation paid for the land has been met from Central Government funds allotted for the development of the Harbour. Land for the construction of the Railway connection referred to is charged to the Capital Account of the Bengal-Nagpur Railway under the terms of the Principal Contract with the Company. There was no special agreement for the construction of this Railway.

(d) Does not arise.

(e) Declarations for acquisition of land were issued in 1920, 1922 and 1926.

(f) Payments have been going on since 1922.*

(g) Two original civil suits and 20 appeals have been filed in local courts. The Deputy Collector's awards have been confirmed in two appeals; all other cases are pending.

Three revision petitions were also filed in the Madras High Court. All of these were dismissed.

EXEMPTION OF 2ND AND 3RD CLASS SARDARS OF THE DECCAN UNDER INDIAN ARMS ACT.

88. ***Mr. N. C. Kelkar:** Is it a fact that second and third class Sardars of the Deccan have, under the existing rules under the Arms Act, been made *licencees* instead of *exemptees*, and that also only upto their life time with regard to arms in their possession?

The Honourable Sir Alexander Muddiman: Yes.

MAHARASHTRA BRAHMINS IN THE ARMY.

89. ***Mr. N. C. Kelkar:** Will Government state whether there was a special military company consisting of Maharashtra Brahmins before the war? If so, for how many years was it in existence? What was its numerical strength? Is the company still in existence? If not, what were the reasons that led to its disbandment? In how many different regiments are there at present any Maharashtra Brahmin sepoys?

Mr. G. M. Young: The answer to the first question is in the negative. The next four do not arise.

15 battalions of the Indian Army recruit Mahratta sepoys. I am inquiring how many of these recruit Mahratta Brahmins, and will inform the Honourable Member in due course.

PROVISION FOR MAHARS, RAMOSHIS AND MANGS IN THE ARMY.

90. ***Mr. N. C. Kelkar:** Will Government state whether there is at present a battalion of Mahars in existence? If there is no such battalion in existence, was any battalion of this description in existence at any time before? In case the battalion has been demobilised, how have the Mahar units of the battalion been disposed of? Is there any definite provision at present for the inclusion of Mahars, Ramoshis and Mangs in military regiments?

Mr. G. M. Young: There is at present no regular infantry battalion composed of Mahars. A battalion composed entirely of this class was formed during the Great War in June 1917, and named the 111th Mahars. It was disbanded after the war and the men were demobilised. There is no definite provision at present for the inclusion of Mahars, Mangs or Ramoshis in regiments.

91—95 (Not put as the Honourable Member—Mr. Duraiswami Aiyangar—had not yet taken his oath)

WOMEN VOTERS TO LEGISLATIVE ASSEMBLY.

96. ***Mr. Abdul Haya:** (a) Will the Government please state the total number of females registered as voters for the purpose of the last Assembly elections in India? * * *

(b) Were any special means adopted to ensure that all the females entitled to a vote were duly registered?

(c) Will the Government please state the percentage of female voters in each province who actually got their votes recorded?

(d) Were any special facilities provided in any of the provinces to purdah ladies to have their votes recorded? If so, will the Government please state what those facilities were?

(e) If the answer to part (d) be in the negative, will the Government please state whether it is prepared to order for the future that special polling arrangements should always be made for purdah ladies in which only female Polling and Presiding Officers should be employed?

The Honourable Sir Alexander Muddiman: (a) and (c) The Return referred to in my reply to questions I have just answered will contain the information required by the Honourable Member.

(b) Elections for Indian and Provincial Legislatures being a provincial subject and the electoral rolls being prepared by officers subordinate to the Local Government, the Government of India have no information.

(d) The Honourable Member's attention is invited to amendment No. 4 of the amendments to the Legislative Assembly (Bengal) Electoral Regulations which were published with the notification of the Government of India in the Legislative Department, dated the 29th June, 1926, whereby suitable arrangements were required to be made for recording the votes of pardanashin female voters. The Government of India have no information regarding the nature of the arrangements made in pursuance of this requirement. No similar amendment has been made in the Legislative Assembly Electoral Regulations for provinces other than Bengal, and the Government of India are unaware whether special facilities were provided in any other province.

(e) For the reasons indicated in the reply to (b) the Government of India propose to leave it to Local Governments to move in the matter.

Mr. Abdul Hays: I do not want to put question No. 97 at present, Sir

EXPENDITURE IN CONNECTION WITH THE MALABAR REBELLION.

96 ***Khan Bahadur Haji Abdullah Haji Kasem:** Will the Government be pleased to state the actual cost incurred in connection with the Malabar rebellion?

The Honourable Sir Alexander Muddiman: Excluding the ordinary charges on account of the units and formations employed in quelling the rebellion, which were not compiled separately and cannot now be calculated without an undue expenditure of time and labour, the net total extra military expenditure separately compiled is Rs 13,57,701. The Government of India have no information as to the amount falling on provincial revenues, nor can we estimate the loss to private individuals.

PROPOSALS FOR MANGALORE HASAN RAILWAY LINE.

97 ***Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state what final orders have been passed by them regarding the construction of the Mangalore Hasan Railway?

(b) Have any proposals been submitted to them either by the Madras Government or by the Mysore Government?

(c) If so, will the Government be pleased to place the correspondence on the table of this House?

(d) Have Government any intention of constructing the above line at a very early date?

Mr. A. A. L. Parsons: We recently received a communication from the Madras Government enquiring at the instance of the South Kanara District Board what chance there was of a line being constructed in the near future, and are taking action on that communication. I cannot at the moment make any statement as to what the final decision will be. The Honourable Member is probably aware that when the project was examined in 1917 its financial prospects were unfavourable.

CONSTRUCTION OF LINE BETWEEN MANGALORE AND MALPE TO MORMUGOA.

100 ***Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state whether it is a fact that Sir John Wolfe Barry, Lyster and partners were deputed by them in 1919 and 1920 to report on the possibilities of developments at the ports of Malpe, Tuticorin, Negapatam, Mangalore and Coconada in the Madras Presidency?

(b) If so, will the Government be pleased to place their reports on the table of this House?

(c) Is it a fact that the said committee has recommended the construction of a railway line between Mangalore and Malpe?

(d) Do Government intend to extend the railway line from Mangalore to Malpe?

(e) Is it a fact that the construction of a railway line from the coast line (from Mangalore) to Mormugoa is under contemplation? If so, when will the work of construction be undertaken?

(f) Have any estimates been made? If so, by whom, and what is the probable estimate?

The Honourable Sir Charles Innes: (a) Yes.

(b) A copy of the report has been placed in the Library of the House.

(c) It will be seen from paragraphs 15, 116 and 124 of the report that the firm advised that the port of Malpe should be developed only if the improvement of Bhatkal was not proceeded with and that if it were decided to develop Malpe it would be necessary to connect it with Mangalore by railway.

(d) It is proposed to carry out a survey of a line of railway from Mangalore to Malpe in 1928-29 and its construction will depend upon the results of the survey.

(e) No.

(f) Does not arise.

EXPENDITURE ON MUSLIM EDUCATION.

101. ***Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state the names of Mohammadan colleges established in each province whose costs are borne by the Government?

(b) What amount is being spent every year on Muslim education in each province?

(c) What is the amount spent for the last five years on the various institutions referred to in part (a)?

The Honourable Mr. J. W. Bhore: (a), (b) and (c). The information asked for is being collected and will be supplied to the Honourable Member in due course.

NAVAL TRAINING INSTITUTIONS IN INDIA.

102. ***Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state the number of naval training institutions opened by the Government in India?

(b) Is it a fact that there is such an institution in Bombay maintained by Sir Muhammad Yusuf Sowdagar, Kt.? If so, has it been recognised by the Government and how much subsidy is given to it?

The Honourable Sir Charles Innes: (a) No nautical training institutions have so far been opened by the Government of India but institutions for the training of lascar seamen opened by the Governments of Bombay and Madras had to be closed down mainly owing to the scarcity of pupils. A training ship for deck officers will be established shortly.

(b) No subsidy is paid by Government to Sir Muhammad Yusuf's Marine School at Nova Island, Bombay.

Mr. M. A. Jinnah: Are the Government aware that the Indian Marine Committee of Inquiry spoke of this Institution in very high terms, and do they propose to help this institution in any way or not?

The Honourable Sir Charles Innes: I believe, Sir, that question is being considered by the Bombay Government, but I am unable to say what the result of the consideration is.

POLICY OF COLONISATION OF ANDAMANS BY MOPLAHS.

103. ***Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state whether it is a fact that the Moplah prisoners deported to the Andamans in connection with Moplah rebellion are still induced to bring their families there?

(b) Will Government be pleased to place the report of the committee appointed by Government to inquire into the question in 1925 on the table of this House together with the report submitted by Sir Alexander Muddiman?

(c) Will Government be pleased to place the report of the Cardew Committee appointed in 1920 and the Government orders passed thereon on the table of this House?

(d) Is it a fact that the Andaman Islands are marshy, unhealthy and unsuitable for dwelling purposes for the Moplah prisoners?

(e) Are Government aware of the discontent and dissatisfaction caused among the people of the Madras Presidency by the policy of the Government in the colonisation of the Andamans by Moplahs? If so, is there any intention to stop the migration of the families of the prisoners?

The Honourable Sir Alexander Muddiman: (a) The prisoners in question are allowed, if they wish, to import their families.

(b) The report of the deputation referred to with Government's resolution thereon has already been published. I am prepared to supply the Honourable Member with copies. On my return from the Islands I recorded only a note for the information of His Excellency and my Honourable colleagues. It is not the practice to lay such papers on the table of the House.

(c) The report of the Indian Jails Committee of 1919-1920 is a published document. If the Honourable Member finds any difficulty in securing a copy, I shall be glad to assist him. The orders passed on the report deal with a great variety of subjects, and Government do not consider that it would serve any useful purpose to lay them on the table. If the Honourable Member will indicate the subject or subjects on which he desires further information I will consider whether among these letters there are any that will be of value to him.

(d) Certain coastal areas of the Islands are marshy and consequently malarious. The sites selected for the Moplah villages are suitable for dwelling places, and the climate is very similar to that of Malabar.

(e) Government do not anticipate that their policy will cause discontent among the people of the Madras Presidency and have no intention of stopping the migration of prisoners' families.

STREET NAMES IN CANTONMENT BAZAR AREA OF HYDERABAD SIND.

104. ***Haji Abdoola Haroon:** (a) Will Government be pleased to state whether it is a fact that streets in the Cantonment Bazar area of Hyderabad Sind have been recently named? If the reply be in the affirmative, will Government be pleased to state by whom the names were fixed and on what principle?

(b) Were any proposals invited from the residents? If not, why was this not done?

(c) Have there been any protests from any of the residents to the Cantonment Board regarding the names given to some of the streets?

Mr. G. M. Young: Government have no information at present, but I have made inquiries and will let the Honourable Member know the result as soon as possible.

WHEELERS' CONTRACT FOR RAILWAY BOOK-STALLS.

105. ***Haji Abdoola Haroon:** (a) Will Government be pleased to state since when the firm of Messrs. A. H. Wheeler & Co. has enjoyed the monopoly of selling books, stationery and newspapers on the various stations of the North-Western Railway?

(b) Is there any contract existing between the North-Western Railway Administration and the abovenamed firm on this subject? If so, what are the terms of that contract, on what date does it terminate and what amount, if any, is annually charged from the firm?

(c) Before entering into contract with the said firm, did the Railway Administration invite tenders from others also? If so, what are the names of all those tenderers and the reasons for rejecting their offers?

(d) Will Government be pleased to lay on the table a copy of the Agreement, if any, existing between the Railway Administration and Messrs. A. H. Wheeler & Co.?

Mr. A. A. L. Parsons: (a) Since 1888.

(b) and (d). Government do not think it necessary to lay a copy of the agreement between Messrs. A. H. Wheeler and Company and the North Western Railway administration on the table, but they are quite prepared to let the Honourable Member see it if he so desires. But perhaps the following information will satisfy the Honourable Member. The agreement runs for two years from the 1st January 1927, continuing from year to year, until determined by either party on giving not less than six months notice in writing. Messrs. A. H. Wheeler and Company pay the North Western Railway, in addition to a small rent of one rupee per annum for each bookstall, a royalty of $2\frac{1}{2}$ per cent. on the gross proceeds of all sales at the bookstalls, and a sum equal to 40 per cent. of all gross advertising revenue derived from advertisements displayed on the bookstalls. The North Western Railway on their side carry books and newspapers, etc., for the bookstalls free of charge by passenger train.

(c) No tenders were called for as this firm has given satisfaction for many years past.

Mr. Ohaman Lall: May I know from the Honourable Member whether any tenders were called for from other firms in regard to the bookstalls run by Wheeler and Company, and if not, why not?

Mr. A. A. L. Parsons: I have already replied that no tenders were called for.

Mr. Ohaman Lall: May I ask the Honourable Member as to why no tenders were called for?

Mr. A. A. L. Parsons: Again as I have already replied, if the Honourable Member had listened to my answer, because the firm has given satisfaction for many years past.

Mr. Ohaman Lall: May I ask if it is the fixed policy of the Government that, if in the opinion of certain members of the Government the firm is supposed to give satisfaction, therefore no tenders should be called for?

Mr. A. A. L. Parsons: The contract is not let by the Government; it is let by the Agent of the North Western Railway.

Mr. Ohaman Lall: Do I understand that the Agent of the North Western Railway is not part of the Government?

Mr. A. A. L. Parsons: You may so understand, Sir.

Mr. Ohaman Lall: Is he not part and parcel of the Government?

Mr. A. A. L. Parsons: No.

Mr. Rangaswami Iyengar: May I know, Sir, whether, even if Government gets proposals which are certainly more satisfactory than those upon which Messrs. Wheelers are now taking the contract, the Government won't consider them because the present firm have been giving satisfaction?

Mr. A. A. L. Parsons: That is a hypothetical question, Sir.

Mr. Rangaswami Iyengar: I want to know, Sir, whether the Government's policy is, where they think the position is satisfactory, that it must be in perpetuity?

(No answer was given).

Mr. N. M. Joshi: May I ask, Sir, if the Government of India is not responsible for the management of the North Western Railway?

Mr. A. A. L. Parsons: Yes.

Mr. N. M. Joshi: And if they are responsible for the management of the North Western Railway, is not the Agent of the North Western Railway the agent of the Government of India?

Mr. A. A. L. Parsons: Yes, I think so.

Mr. Rangaswami Iyengar: May I ask, Sir, again, whether it is the policy of the Government that no other proposals for this contract will be taken up so long as Wheelers are there?

Mr. A. A. L. Parsons: So far as I am aware, there have been no other proposals for this contract.

Mr. Ohaman Lal: May I ask the Honourable Member, Sir, as a matter of public morality, whether he will not consider the proposition of asking for tenders from other firms?

The Honourable Sir Charles Innes: In regard to this matter of asking for tenders, we leave to our Agents' discretion to decide in particular cases whether it is advisable to call for tenders or to place the contract out in the manner they have done so far. This contract has to run for two years, but as I notice there is a good deal of feeling on the subject, I am quite prepared to say that, when the two years have run out, we will consider the matter.

IMPROVEMENTS AT KARACHI, PINDI AND SUKKUR WORKSHOPS ON NORTH WESTERN RAILWAY TO OBVIATE REDUCTION OF STAFF.

106 ***Haji Abdoolah Haroon:** (a) Has the attention of Government been drawn to a full-page article appearing on page 11 of the Weekly "Railway Herald", which is the official organ of the North-Western Railway Union (Recognised) Lahore, in its issue of the 24th December 1926, protesting against the reduction of about 3,000 men on the North-Western Railway, and suggesting ways and means whereby such drastic reduction could be avoided?

(b) What were the recommendations of the North-Western Railway Raven Committee in respect of the Locomotive, Carriage and Wagon shops at Karachi, Rawalpindi and Sukkur, and what is the definite line of action being taken by the Railway Board in respect of each of those recommendations?

(c) Have the Railway Board accepted the recommendations of the Raven Committee, *in toto* or only partially in connection with the Locomotive, Carriage and Wagon shops at Karachi, Rawalpindi and Sukkur?

(d) Are the Railway Board prepared:

- (i) to rebuild the existing Locomotive Shop at Sukkur with additional pit accommodation,
- (ii) to lay down an up-to-date Carriage Repair Shop at Sukkur, and
- (iii) to provide well equipped Wagon Repair Shops at Rawalpindi, Sukkur and Karachi, as recommended by the Raven Committee?

(e) If the replies to part (d) are in the affirmative, when will those suggested improvements be effected, and how many more skilled labourers will be required at each place for each shop, respectively?

IMPROVEMENTS AT KARACHI, PINDI AND SUKKUR WORKSHOPS ON
NORTH-WESTERN RAILWAY TO OBIATE REDUCTION OF STAFF.

107. ***Haji Abdoola Haroon:** (a) Will Government be pleased to state the number of all men as it stood on 1st December 1926, working (i) at the Locomotive Shops at Karachi and Rawalpindi respectively, and (ii) at the Carriage Repair Shops at Karachi and Rawalpindi, respectively?

(b) How many of the men working at each of the above shops, respectively, have been or are being discharged under the plea of closing down those shops?

(c) Were the orders for closing down the aforesaid shops issued by the Agent, North-Western Railway, with the consent of the Railway Board and the Government of India?

(d) If the aforesaid shops are being closed down in accordance with the Raven Committee recommendations, why are not the recommendations of the same Committee in respect of opening new shops and extending some of the existing ones also being carried out simultaneously, so as to absorb the men not wanted in one shop in the other?

(e) Why do not the North-Western Railway authorities absorb in other shops the men to be discharged and thus provide them elsewhere, till any surplus of labour is adjusted automatically?

(f) What objection is there to retaining them in service till the extended works, as recommended, are established and their services utilised for those?

IMPROVEMENTS AT KARACHI, PINDI AND SUKKUR WORKSHOPS ON
NORTH-WESTERN RAILWAY TO OBIATE REDUCTION OF STAFF.

108. ***Haji Abdoola Haroon:** (a) Will Government be pleased to state whether new appointments of skilled labourers for the North-Western Railway Workshops and Sheds continue to be made on the 1st and 15th of every month?

(b) How many new men have thus been appointed since the day when the Raven Committee Report was published?

The Honourable Sir Charles Innes: I propose, Sir, with your permission to give a single answer to questions Nos 106, 107 and 108.

2 The Government have seen the article referred to by the Honourable Member and have considered the suggestions made in it as well as the suggestions made by the Honourable Member himself.

3. The position in regard to locomotive shops and carriage and wagon shops respectively is as follows:

(a) *Locomotive Shops.*—The Raven Committee reported that the existing shops at Rawalpindi, Karachi and Sukkur are old, badly laid out and uneconomical. Also that they are inadequate to deal with the heavier types of engines which it is proposed to use on the North Western Railway. They suggested that all the shops at Karachi and Rawalpindi should be closed down and that the existing shop at Sukkur should be rebuilt on up to date lines with pit accommodation for 40 engines. It has accordingly been decided to close down the locomotive shop at Karachi, but a decision as to the locomotive shop at Rawalpindi has been deferred for the present.

The locomotive shop at Sukkur is to be rebuilt with pit accommodation for 80 engines.

(b) *Carriage and Wagon shops*.—For similar reasons the Committee recommended that the carriage repair shops at Karachi and Rawalpindi should be closed down, that the carriage repair formerly done in these shops should be concentrated in a new and up to date shop at Sukkur, and that well equipped wagon repair shops should be provided at Rawalpindi, Sukkur and Karachi. It has been decided to close down the existing carriage and wagon shops at Karachi and Rawalpindi, and to provide a new carriage repair shop at Sukkur and a new wagon repair shop at Karachi. It is not thought necessary to provide wagon repair shops at Rawalpindi and Sukkur.

4. On December 31st last, 1,275 men were employed in the locomotive shop at Karachi and 1,389 in the shop at Rawalpindi. In the carriage repair shops at Karachi and Rawalpindi 461 and 746 men respectively were employed. The numbers which are being discharged are:

Karachi Locomotive shop	1,047
Karachi Carriage shop	371
Rawalpindi Carriage and Wagon shop	674

5. It is unlikely that the programme of the improved shops will be completed in less than three years. It is impossible to say what additional staff of skilled workmen, if any, will be required in the new Sukkur shops when they are built. In the meantime, owing to the better use now being made of rolling stock, locomotives and vehicles are coming less frequently into the shops for repairs. Secondly, the improved methods and organisation which are being introduced in the shops are resulting in considerable reduction in the time taken to effect repairs. The result of these two factors in combination is that the Administration, though it is absorbing as many of the men thrown out of employment at Karachi and Rawalpindi as possible, is unable economically to find employment for them all. It would not be justifiable to defer the closing of these shops until the new shops are ready, because the work which has to be done can be done without them.

6. The order issued by the Agent of the North Western Railway in the matter were issued in consultation with the Railway Board. The Raven Committee did not recommend that the shops which it is proposed to close down should be kept open until the new shops are ready. Nor, for the reasons already given, could this course be justified. The preparation of designs, the construction of buildings and the installation of machinery in the shops will of necessity take time, but plans are in course of preparation.

7. With reference to the question in question No. 108 (a), the 1st and the 15th of the month are the recognised days on which vacancies are usually filled by recruitment. I do not know how many new men have been appointed since the day when the Raven Committee's report was published, but if the Honourable Member is anxious for the information, I will find out and let him know.

GRIEVANCES OF SUBORDINATE RAILWAY EMPLOYEES.

108. **Haji Abdoola Haroon:** (a) Will Government be pleased to state the special reasons on account of which they were not prepared to have an inquiry instituted on the grievances of subordinate Railway employees,

as was demanded in the Resolution of Mr. Acharya, which was passed in this House, as amended by Dr. Datta and Mr. Joshi, on 5th February 1925?

(b) Has the attention of the Government been drawn to the Resolution passed by the International Transport Workers' Federation Congress, held at Paris in the middle of September last, emphatically protesting against such indifference shown by the Government of India in this respect?

The Honourable Sir Charles Innes: (a) The Honourable Member's attention is invited to the answer given to a similar question No. 336 asked by Mr. M. K. Acharya on 1st September, 1925.

(b) The Government have seen the Resolution referred to by the Honourable Member.

HAJ COMMITTEE AT KARACHI.

110. ***Haji Abdoola Haroon:** 1. Will Government be pleased to furnish the following information regarding the Haj Committee at Karachi:

- (a) The names of the present members of the Haj Committee;
- (b) Since when each of the members has been a member of that Committee;
- (c) The rules for appointing members of this Committee and who the appointing authority is; and
- (d) The object in appointing such a Committee and the duties, powers and responsibilities of the members?

2. How many meetings of the Haj Committee have been held between 1st January 1926 and 31st December 1926, and which of the members attended all those meetings?

3. Are the proceedings of the Haj Committee meetings recorded in any register, and have they ever been communicated to the press for public information?

4. What new proposals were made to the Government authorities by the Haj Committee of Karachi during the last year, with a view to further the interests and increase the comforts of and remove the grievances suffered by the pilgrims?

5. When will the term of office of the present members expire?

The Honourable Mr. J. W. Bhore: The information has been called for from the Local Government and will be supplied to the Honourable Member when received.

HARDSHIPS OF HAJ PILGRIMS AT KARACHI.

111. ***Haji Abdoola Haroon:** (a) Has the attention of the Government been drawn to the various complaints regarding hardships and inconveniences suffered by Muslim pilgrims in the Pilgrims' Camp, Karachi, while awaiting the departure of their steamers from Karachi to Jeddah, which complaints were published frequently last year in the "*Zamindar*" and the "*Muslim Outlook*" of Lahore, the "*Al-Wahid*" and other newspapers at Karachi, the "*Hawdard*" of Delhi, the "*Rosenameh Khitafat*" of Bombay and several other newspapers?

(b) Is it a fact that last year for want of adequate accommodation in the Pilgrims' Camp, Karachi, hundreds of pilgrims had to stay out in the open under the burning heat of the sun?

(c) Is it a fact that under such circumstances the workers of the Karachi Khilafat Committee made arrangements for accommodating the pilgrims in private buildings, while the Protector of Pilgrims himself made no suitable arrangements?

(d) What steps have the Government taken to provide more accommodation in the Pilgrims' Camp, Karachi?

(e) Is there any mosque within the premises of the Pilgrims' Camp, Karachi? If not, why has the Protector of Pilgrims not drawn the attention of the Government to its need being keenly felt by the pilgrims?

The Honourable Mr. J. W. Shore: (a) Government are aware that complaints have appeared in the Press.

(b) It is a fact that last year there was overcrowding in the Pilgrim Camp at Karachi.

(c) Some pilgrims for whom the accommodation in the camp was insufficient lodged in musafir khanas and jamaatkhanas. Government have received a report that permission was given to the Khilafat Committee to erect sheds in the camp, but it was not availed of.

(d) Government constructed two additional sheds and sanctioned other improvements last year at a cost exceeding Rs. 44,000 and propose to erect one more shed this year.

(e) Government have no information on the subject.

CREDENTIALS OF PROTECTOR OF PILGRIMS, KARACHI.

112. ***Haji Abdoola Haroon:** 1. Will Government be pleased to state:

- (a) the name of the Protector of Pilgrims, Karachi;
- (b) his educational qualifications;
- (c) since when he has been holding that appointment; and
- (d) whether he had been in Government service before being posted there?

2. What Government posts, if any, did the present Protector of Pilgrims, Karachi, formerly hold one after another?

3. Has he ever been dismissed from Government service or suspended or otherwise severely dealt with, before his appointment as Protector of Pilgrims?

4. If the reply to part 3 is in the affirmative, what were the special reasons for his appointment to the post of the Protector of Pilgrims, Karachi?

5. What is his present pay, and what different allowances does he get and what amounts?

6. Does he get any conveyance allowance; if so, how much?

7. How many trains did he visit at the Karachi railway stations between 1st January, 1926, and 31st December, 1926, to receive the pilgrims?

8. What is his age, and can he continue in service even though he be over 55 years?

9. Has the attention of Government been drawn to the frequent complaints against the Protector of Pilgrims, which have been appearing from time to time in the Muslim newspapers all over India and specially in the "*Al-Wahid*", Karachi and other local papers? Do Government propose to inquire into these complaints?

10. Are Government aware that the Protector of Pilgrims last year not only refused to avail himself of the co-operation of the workers of the Karachi Khilafat Committee and other Muslim Associations and individuals but also did not even tolerate their serving the pilgrims? Do Government propose to inquire into the reasons for such action on the part of the Protector?

The Honourable Mr. J. W. Bhore: 1. (a) Khan Sahib Abdul Qadir Umar Khan.

(b) Matriculation examination of the Bombay University and departmental examination of the Revenue Department of the Bombay Government.

(c) The Government of India have no information.

(d) Yes.

2. Clerk in the office of the Commissioner in Sind, then Mukhtiarkar and Mir Munshi to the Commissioner in Sind.

3 and 4. The Government of India have no information.

5 and 6. Pay Rs. 175 per mensem, personal pay Rs. 50 per mensem and conveyance allowance Rs. 75 per mensem.

7. No record is maintained of the visits paid from time to time. During the pilgrim season either the Protector of Pilgrims himself or one of his staff according as the occasion demands attends the Railway Station regularly on the arrival of each train with pilgrims.

8. His age is about 60 years. The appointment is made by the Local Government who are empowered to decide fitness for service.

9. An enquiry has already been made by the Local Government who have found that the complaints were unfounded.

10. An enquiry will be made.

Sir Walter Willson: Will the Government kindly tell us how they know whether a train is a pilgrim train or not?

The Honourable Mr. J. W. Bhore: I really cannot give my Honourable friend that information, but I should think that the Protector of Pilgrims must have information as to whether a train is bringing in a large influx of pilgrims or not.

GOVERNMENT SUBSIDY TO REUTERS AND OTHER NEWS AGENCIES.

118. ***Haji Abdoolah Haroon:** (a) Will Government be pleased to state to what extent they subsidise the Reuters, the Associated Press of India, the Free Press of India and other News Agencies, if any, respectively?

(b) Do the Government of India and any other officers under them subscribe for receiving News telegrams from any of those News Agencies?

(c) If the reply to (b) above be in the affirmative, what is the amount of money paid for the purpose to each of the News Agencies?

(d) Are Government aware that the correspondents of the Associated Press of India almost everywhere are Hindus?

The Honourable Sir Alexander Muddiman: (a) The Government subsidise no news agencies.

(b) Yes.

(c) In 1925-26 the cost of subscription for Indian News Agency telegrams was 28,145 and for Reuters' Agency Rs. 55,200.

(d) Government have no information.

Pandit Nilakantha Das: Can the Government inform the House if there are any laws, rules or regulations preventing non-Hindus from being correspondents to any of these News Agencies?

The Honourable Sir Alexander Muddiman: Judging by my experience Hindus are very largely employed as correspondents to newspapers in India.

GOVERNMENT ACTION AGAINST RISE IN P. AND O. PASSENGER FARES.

114. ***Mr. Harchandrai Vishindas:** (a) Has the attention of Government been drawn to the speech of Lord Inchcape at the 86th annual general meeting of the P. and O. Company in which he refers to the possibility of raising passenger fares at an early date?

(b) If so, will not a rise in the P. and O. fares involve the Government of India and Provincial Governments in larger outlay to provide for free passages for their officers, their wives and children?

(c) Are Government prepared to ask the P. and O. Company not to raise their fares for the passage of Government officers and their families?

(d) In the alternative, are Government prepared to negotiate with another reliable line of steamers to take and bring back their officers to and from England without having to pay the P. and O. Company's enhanced fares?

(e) What exactly will be the extra expenditure involved during next year by such an enhancement in respect of All-India services?

(f) Have Government received any communication on this subject from the P. and O. Company? If so, will Government be pleased to place it on the table?

The Honourable Sir Basil Blackett: (a) and (b) The answer is in the affirmative

(c) and (d) Government do not propose to take the action suggested.

(e) This question is hypothetical

(f) No communication has been received

Colonel J. D. Crawford: Does the Government receive any rebate on account of the passages it secures for Government officials?

The Honourable Sir Basil Blackett: I should like to have notice of that question.

MOVEMENT OF TROOPS TO CHINA IN 1926.

115. ***Mr. Harchandrai Vishindas:** (a) Will Government be pleased to state what was the number of Indian troops, how much cavalry and how much infantry stationed in China till 15th December, 1926?

(b) Are any troops under orders for transfer to China? If so, what is their number?

(c) What was the number of European troops, moved from India to China during the year 1926, till December 15th?

Mr. G. M. Young: (a) No Cavalry: One Indian Infantry battalion and a small detachment of a Mule Corps both at Hong Kong.

(b) The information desired by the Honourable Member was published in a press communiqué on the 24th of this month.

(c) None, Sir.

ELIGIBILITY OF FIRMS PAYING INCOME-TAX TO VOTE AT ASSEMBLY ELECTIONS.

116. ***Mr. Harchandrai Vishindas:** (g) Is it true that firms paying income-tax were denied the right to vote at the Assembly election?

(b) Was that because rules do not permit them to vote?

(c) If so, do Government propose to amend the rules so as to remove this disability?

The Honourable Sir Alexander Muddiman: (a) Government presumes that the local electoral authorities observed the rules on the subject.

(b) The rules prescribing the qualifications of electors in Commerce Constituencies in which firms are interested are not uniform. In Bombay and Bengal qualification is based on membership of various industrial or commercial associations. The Madras rule requires that a partnership on whose account a right to vote is claimed shall have been assessed to income-tax in the previous year on an income of not less than Rs. 10,000 derived from business.

(c) No.

117, 118. (Already answered—*vide* page 189 *ante*.)

OPENING OF NEW DELHI BY KING-EMPEROR.

119. ***Mr. Harchandrai Vishindas:** (a) Will Government be pleased to state whether they are in communication with the Secretary of State with a view to inviting His Majesty the King-Emperor to open New Delhi in 1927?

(b) If so, what stage has the correspondence reached and is there any likelihood of His Majesty accepting the invitation?

The Honourable Sir Alexander Muddiman: (a) The answer is in the negative.

(b) Does not arise.

GOVERNMENT'S LIABILITY FOR IMPERIAL CONFERENCE AND MILITARY NAVAL AND AIR PROJECTS.

120. ***Mr. Harchandrai Vishindas:** Will Government be pleased to state whether they have undertaken any financial responsibility for the expenses to be incurred in connection with (a) the Imperial Conference, (b) Singapore Naval Base, (c) increase in the Military, Naval and Air forces of India, and (d) Air services between England, Egypt and India?

The Honourable Sir Alexander Muddiman: (a) The Government of India have undertaken liability for the expenses of India's representatives to the Imperial Conference.

(b) The answer is in the negative.

(c) The Government of India undertake the whole financial responsibility for increases in the Military and Air Forces in India. Their financial liability for the naval defence of India is at present limited to the annual subsidy of £100,000. The Royal Indian Navy, when inaugurated, will replace the "Royal Indian Marine" and will not, for some time at any rate, involve any large addition to the Government of India's marine expenditure.

(d) The air services to be operated between England, Egypt and India comprise an aeroplane service from Cairo to Karachi and airship service

from England to India *via* Egypt. The Government of India are constructing the aerodrome and hangar required at Karachi for the aeroplane service, the estimated cost of these being Rs. 1,20,000, and they are also providing certain special meteorological facilities at a cost of Rs. 12,000 initial and Rs. 28,000 recurring. As regards the airship service, the Government of India have acquired the land for the base at Karachi, and this is being placed rent free at the disposal of the British Government. The expenditure on this account is not expected to exceed Rs. 1½ lakhs. They also have agreed to give a grant-in-aid of Rs. 4 lakhs to this service on the understanding that the ordinary import duties will be paid on all materials imported into India for the work.

ROYAL COMMISSION ON AGRICULTURE TO VISIT SIND.

121. ***Mr. Harchandrai Vishindas:** (a) Will Government be pleased to state whether the Royal Commission on Agriculture is likely to visit Sind in order to study the agricultural problems of that Province which are peculiar and not common with the rest of the Presidency?

(b) If so, when will the Commission visit Sind?

(c) How long will their stay be?

(d) In what place or places will they hold sittings to examine witnesses?

The Honourable Mr. J. W. Shore: (a) Yes

(b) Next cold weather.

(c) and (d) No detailed programme for next cold weather has yet been prepared.

REDUCTION OF PASSENGER FARES ON STATE RAILWAYS.

122. ***Mr. N. O. Kelkar:** (a) What is the amount of the reduction of fare on the East Indian Railway and the Great Indian Peninsula Railway?

(b) Has this reduction taken place on other State lines?

Mr. A. A. L. Parsons: I lay on the table a statement showing the reduction in passenger fares on the four State-managed railways since 1st April, 1925, with the fares in force on these railways prior to that date. This will I think give the Honourable Member the information he seeks.

Statement of changes in passenger fares over the following State worked Railways

1.—E. I. Railway.

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
1	1—300	24 pies	1—100	24 pies.
	plus		plus	
	301 and over	18 "	101—300	18 "
			plus	
			301 and over	12 "

1.—E. I. Railway—contd.

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
II	1—300 <i>plus</i> 301 and over	12 pies 9 "	1—100 <i>plus</i> 101—300 <i>plus</i> 301 and over	12 pies. 9 " 6 "
Inter— E. I. R. Section— Mail	1—300 <i>plus</i> 301 and over	7 " 5 " 5 "	<i>From 1st January, 1926.</i>	
Ordinary	All distances	5 "	1—300 <i>plus</i> 301 and over 1—300 <i>plus</i> 301 and over	7 " 3½ " 5 " 3½ "
O. and R. Section— Mail and Ordinary	Do.	5½ "	As on the E. I. R. Section.	

1½—E. I. Railway—concl'd.

Class.	Fares in force.					
	Prior to 1st April, 1925.		1st January, 1926.		1st February, 1927.	
	Distance.	Rate per mile.	Distance.	Rate per mile.	Distance	Rate per mile.
III— E. I. R. Section— Mail	1—300 <i>plus</i> 301 and over	5 pies 4½ "	1—300 <i>plus</i> 301—600 <i>plus</i> 601 and over	5 pies 3½ " 3 "	1—50 <i>plus</i> 51—300 <i>plus</i> 301 and over	5 pies. 4 " 2½ "
Ordinary	All distances	3½ "	1—300 <i>plus</i> 301 and over	3½ " 2½ "	1—50 <i>plus</i> 51—300 <i>plus</i> 301 and over	3½ " 3 " 2 "
O. and R. Section— Mail and Ordinary	Do.	3½ "	As on the E. I. Railway section.		As on the E. I. Railway section.	

2.—*E. B. Railway.*

Class.	Fares in force prior to 1st April, 1925.		
	Distance.	Rate per mile.	
I	1—150 <i>plus</i> 151 & over	30 pies. 20 "	} No change.
II	1—150 <i>plus</i> 151 & over	15 " 10 "	
Inter	1—150 <i>plus</i> 151 & over	6 " 4 "	
III	Mail 1—150 <i>plus</i> 151 & over	5 " 4 "	
Ordinary	All distances	3½ "	

3.—*Great Indian Peninsula Railway.*

Class.	Fares in force.			
	Prior to 1st April, 1925.		1st April, 1926.	
	Distance.	Rate per mile.	Distance.	Rate per mile.
I	1—300 <i>plus</i> 301 and over	24 pies. 18 "	} All distances .	18 pies.
II	1—300 <i>plus</i> 301 and over	12 " 9 "		9 "
Inter	Mail 1—300 <i>plus</i> 301 and over	7½ " 6 "	} No change.	
Express	As above	As above	All distances	6 pies.
III	Mail 1—300 <i>plus</i> 301 and over	5 pies. 4½ "	} No change.	
Ordinary	1—300 <i>plus</i> 301 and over	4 " 3½ "	1—150 <i>plus</i> 151—300 <i>plus</i> 301 and over	4 pies. 8½ " 8 "

4.—N. W. Railway.

Class.	Fares in force.					
	Prior to 1st April, 1925.		From 1st April, 1926.		1st February, 1927	
	Distance.	Rate per mile.	Distance.	Rate per mile.	Distance.	Rate per mile.
I . . .	1—300 plus 301 & over	24 pies 18 "	All distances.	18 pies	1—300 plus 301 & over	18 pies 12 "
II . . .	1—300 301 & over	12 " 9 "		9 "	1—300 plus 301 & over	9 " 6 "
Inter . . .	All distances.	5 "	1—50 plus 51 and over	5 " 4½ "	No change.	
III . . .	Do.	3½ "	1—50 plus 51 and over	3½ " 3 "	1—50 plus 51—300 plus 301 & over	3½ pies. 3 " 2 "

RAILWAY RESERVE FUND AND REDUCTION OF FARES.

123 ***Mr. N. O. Kelkar:** (a) Will Government be pleased to state the amount kept in the Railway Reserve Fund created under the scheme of separation of finance?

(b) Has any amount been spent out of this, or do Government propose to spend any amount in the near future, and for what purpose?

(c) Does the reduction of fares on the East Indian Railway and the Great Indian Peninsula Railway come out of this reserve?

Mr. A. A. L. Parsons: (a) Rs. 979 lakhs on the 31st March, 1926.

(b) In 1924-25 an amount of Rs. 88 lakhs was appropriated from Reserve for writing down the value of stores. Government's intentions as to the future will be explained when the Railway Budget is presented to the Assembly.

(c) No; but the Reserves are indirectly affected inasmuch as the balance available for appropriation to the Reserve Fund would be greater but for the falling off in earnings caused by the reduction in fares.

PUBLICATION OF RAILWAY BOARD'S EVIDENCE BEFORE TARIFF BOARD.

124 ***Mr. N. O. Kelkar:** (a) Will Government be pleased to state whether the Tariff Board is a public body and makes its inquiries in public?

(b) If so, will Government be pleased to state why any portion of the evidence given by the Railway Board before the Tariff Board should be kept confidential?

(c) Are Government prepared to publish this portion of evidence also?

(d) If not, will Government state their reasons?

The Honourable Sir Charles Innes: (a) The Tariff Board has consistently adhered to the recommendation of the Fiscal Commission that its enquiries should be conducted with the utmost publicity. The Commission itself recognized, however, that it might not always be possible that the whole of its investigations should be held in public, and the Board have sometimes found it necessary to admit evidence which is treated as confidential. It rests with the witness in every case to decide whether he will give evidence in public, and if he desires that his evidence should not be published, it rests with the Board to decide whether they will admit it on that basis.

(b) The immediate publication of the evidence given by the Chief Commissioner and Financial Commissioner of Railways on the subject of wagons would have been prejudicial to the interests of certain firms, and for this reason it was necessary that it should be kept confidential for a time.

(c) and (d) Yes. The Government of India propose to authorise the Tariff Board now to publish this portion of the evidence.

REDUCTION IN FREIGHT ON STATE RAILWAYS.

125. ***Mr. N. O. Kelkar:** (a) Will Government state whether any reduction has taken place in the rates of freight charged on any items other than coal during the last three years on the State Railways?

(b) What are the reasons preventing a reduction of these rates?

Mr. A. A. L. Parsons: (a) There have been no material reductions in goods rates during the last three years on State-worked railways, except for coal.

(b) In addition to the reduction in coal freights we have made considerable reductions in passenger fares on most railways during the last three years, thereby facing as large a decrease in our earnings as was consistent with financial prudence.

PUBLICATION OF RAILWAY ADMINISTRATION REPORT FOR 1925-26.

126. ***Mr. N. O. Kelkar:** (a) Will Government be pleased to state the dates on which the Railway Administration Report has been published for the last five years including the date of the publication of the report of the working of railways for the year 1925-26?

(b) Will Government be pleased to state why there should be all this delay in this publication?

Mr. A. A. L. Parsons: (a) I lay on the table a statement showing the dates on which the report by the Railway Board on Indian Railways was published in each of the last five years.

(b) Volume I of the report cannot be issued until the final figures of receipts and expenditure to be incorporated in it are received from the Accountant-General, Railways. They were not received this year in their final form until the 9th December, while volume I of the report was issued

on January the 7th—volume II had been issued in the previous November—so the Honourable Member will see that there was no avoidable delay. The Railway Board are themselves very anxious to get out the report as quickly as possible, and are discussing with the Auditor-General the question whether it is not possible to close the accounts finally at an earlier date. I would like to mention that the Preliminary Abstract of Statistics for 1925-26 was issued on September 9th, 1926, a month earlier than in 1924-25.

Statement showing the date of issue of (I) Preliminary Abstract of Statistics of Indian Railways and (II) Annual Report by the Railway Board on Indian Railways for the last five years.

Year.	* Preliminary Abstract of Statistics of Indian Railways.	Volume I.	Volume II.	Remarks.
1921-22	11-1-1923	11-1-1923	* The Preliminary Abstract of Statistics of Indian Railways was issued first from the financial year 1923-24.
1922-23 . .	...	5-2-1924	18-1-1924
1923-24 . .	17-9-1924	9-1-1925	25-10-1924	
1924-25 . .	8-10-1925	31-12-1925	5-12-1925	
1925-26 . .	9-9-1926	7-1-1927	12-11-1926	

DISMISSAL OF MR. WELLS, CHIEF CONTROLLER OF STORES, E. I. R.

127. ***Mr. N. O. Kelkar:** (a) Is it true that Mr. Wells, Chief Controller of Stores of the East Indian Railway, has been dismissed from service?

(b) If so, will Government be pleased to state whether there was any inquiry held and what the personnel of the tribunal was that made the inquiry?

(c) Have any charges of corruption or dishonesty been brought home to him?

(d) If so, why is he not being prosecuted?

Mr. A. A. L. Parsons: (a) Yes.

(b) The Agent of the East Indian Railway held the departmental enquiry which resulted in his dismissal.

(c) and (d) We were advised that criminal proceedings could not be instituted with such a reasonable prospect of success as would justify their institution.

REASONS FOR SURPLUS OF 30,000 WAGONS.

128. ***Mr. N. O. Kelkar:** Will Government be pleased to explain how they came to have a surplus of thirty thousand wagons as mentioned by

Sir Clement Hindley in his evidence before the Royal Commission on Agriculture?

Mr. A. A. L. Parsons: The information given by Sir Clement Hindley to the Royal Commission in October, 1926, was that there was no foundation for a complaint of shortage of wagons inasmuch as owing to improved methods of working there had been something like 30,000 wagons more than the number required for working the traffic for the previous three months. The number of course fluctuates from day to day, and it was not suggested that there will always be this number of wagons in excess of daily requirements. Apart from a falling off in traffic, the surplus is due to improvements made in the working of railways and also to additional facilities provided during the past few years. The main factors which have contributed to the surplus are—

- (1) Reduction in the time occupied in repairing wagons with a consequential reduction in the percentage under repair and increase in the number available for traffic.
- (2) Strengthening of track and bridges enabling the carrying capacity of vehicles to be increased.
- (3) Improved marshalling yards and terminal facilities and better working in marshalling yards resulting in a reduction in idle hours of wagons.
- (4) Reduction of train mileage by doubling tracks or adopting new routes thereby decreasing the number of wagons required.
- (5) Extension of the use of telephone train control thereby increasing the capacity of sections.
- (6) Increased speed of trains owing to the extended use of vacuum brakes.
- (7) Gradual elimination of low capacity wagons, an increase in the tractive effort of locomotives and an increase in the gross weight of trains.
- (8) The system of pooling railway wagons.

In addition to the above, there are many other contributory causes of lesser importance which have operated beneficially to enable railways to carry traffic with a lesser number of wagons.

NUMBER AND PRICE OF WAGONS ORDERED SINCE 1919 ON ALL RAILWAYS.

129 ***Mr. N. O. Kelkar:** (a) Will Government be pleased to state the total number of wagons ordered since 1919 for the State and Company Railways?

(b) What was the average price at which these wagons were ordered?

Mr. A. A. L. Parsons: (a) The approximate number of broad and metre gauge wagons placed on the line during the period 1919-20 to 30th of September 1926, is 61,976.

(b) We have not the prices for Company-managed railways but the average cost of wagons purchased for State-managed railways was about Rs. 5,170 per wagon.

Kumar Ganaganand Sinha: Were the orders for wagons placed in India or in England?

Mr. A. A. L. Parsons: I must ask for notice. I cannot remember complete details for so long a period back.

DEFICIENT EARNINGS ON CAPITAL EXPENDITURE ON STATE RAILWAYS.

180. ***Mr. N. O. Kelkar:** (a) Will Government be pleased to state the total amount of capital expenditure incurred in connection with State Railways since 1919 including that sanctioned for the current year?

(b) Is it true that expenditure is sanctioned on the assurance of the Agent that such capital expenditure will add to the earnings?

(c) Is it true that some railways, on which such an expenditure has taken place, have not only failed to earn on the extensions but have failed to pay interest on the old capital at charge?

(d) What action do Government take in such cases?

(e) What is the total additional annual interest charge in connection with capital expenditure incurred since 1919?

Mr. A. A. L. Parsons: (a) and (e). The capital at charge of State Railways increased from 1919-20 to 1926-27 by 142½ crores. The interest payable in 1927-28 is 744 lakhs more than that paid in 1920-21.

(b) Proposals for capital expenditure on open lines are considered with reference to the considerations stated in para. 7 of the memorandum on the subject of "the programme of capital expenditure and expenditure from the Depreciation Fund" placed before the Standing Finance Committee for Railways in November 1925—vide Vol. II, No. 4, of the Proceedings of that Committee.

Proposals for expenditure on new construction are sanctioned after very careful scrutiny of the financial results of the expenditure along with other considerations. The scrutiny is, of course, based on the estimates of capital expenditure, the traffic earnings likely to be expected, and the working expenses involved which are furnished by the Agent and checked by the Railway Board in the light of previous experience.

But estimates both for new lines and open line works are after all only estimates and expectations are sometimes insufficiently realised.

(c) and (d). The only main railway systems which are at present working at a loss are the Bengal Nagpur and Assam Bengal. For such railways as well as for all railways, everything possible is done by Government to improve the financial results of working, and the financial position of the Assam Bengal Railway is now much better than for some time past.

TENDERS FOR ELECTRICAL EQUIPMENT TO BE CALLED IN INDIAN RUPEES.

181. ***Mr. N. O. Kelkar:** (a) Are Government aware that most of the largest producers of electrical equipment are represented in India?

(b) Are they aware that the Indian Stores Department has been purchasing through these agents a large amount of electrical equipment every year?

(c) Will Government be pleased to state why tenders for the electrical plant required in connection with the new power station at Kalyan are not being called in India in rupees, but are being placed in the United Kingdom through the High Commissioner?

The Honourable Sir Bhupendra Nath Mitra: (a) and (b). Yes.

(c) The Honourable Member presumably refers to the plant and equipment for the Electrical Power Station which is being constructed at Kalyan as part of the scheme for the electrification of the Great Indian Peninsula

Railway. In conformity with the Rules for the supply of articles for the public service, indents for this plant and equipment have been placed upon the Stores Department, London, and no tenders have been invited in India.

PROCEDURE AS TO PLACING OF CONTRACTS FOR HANDLING GOODS ON STATE RAILWAYS AND AMOUNTS PAID DURING 1925-26.

132. ***Mr. N. C. Kelkar:** (a) Will Government be pleased to state what the system observed is when new lines are thrown open to traffic in placing contracts for the handling and transport of goods?

(b) Are Government aware that the rates for the handling and transport of goods given on different lines of railways in India differ considerably and that they are fixed not with any regard to market conditions, but are fixed arbitrarily by the Traffic Department?

(c) Are Government aware that on Company managed railways the system exists of giving out these contracts by open tender to contractors?

(d) If Government have no information, will they be pleased to call for the same and lay it on the table?

(e) Is it true that contracts are being given to various firms year after year without any inquiry and that adjustments of rates are made only in favour of the contractor and not otherwise?

PROCEDURE AS TO PLACING OF CONTRACTS FOR HANDLING GOODS ON STATE RAILWAYS AND AMOUNTS PAID DURING 1925-26.

133. ***Mr. N. C. Kelkar:** (a) Will Government state the amount of money, paid during the last official year for which complete accounts are available, for each of the railway systems under State management for the handling and transport of goods with contractors?

(b) Will Government state whether these contracts are renewed every year or not?

(c) Are these contracts given by open tender, or are they given at the discretion of the Traffic Department?

Mr. A. A. L. Parsons: I propose to answer questions Nos. 132 and 133 together.

The general procedure as regards placing of contracts for the handling of goods on State-managed railways, whether the lines are new or old, is to call for tenders from time to time. These tenders are taken into consideration when a decision as to the giving of a contract is made, but experience has shown that the lowest tender cannot always be accepted and that these contracts can only be carried out by firms of considerable substance and standing. The contracts are generally given for periods of three to five years to enable contractors to develop the necessary organization for carrying them out, and provided satisfactory work is done and the rates are reasonable, contracts are sometimes renewed, as in the interests of trade it is essential that there shall be no failure on the contractors' part. The actual granting of the contracts rests with the Agent of the Railway. I lay on the table a statement showing the amount paid for the handling, collection and delivery of goods on the four State-managed Railways during 1925-26.

Statement showing the amount paid for handling, collection and delivery of goods on the State-managed Railways during 1925-26.

Railway.	Amount.
	Rs.
Eastern Bengal	8,15,947
East Indian	19,68,911
Great Indian Peninsula	8,93,537
North Western	13,52,334
Total	50,30,729

CIRCUMSTANCES OF ALLEGED FRAUD IN STORES DEPARTMENT, E. I. R.

134. ***Mr. Gaya Prasad Singh:** (a) With reference to the reply of Government to my starred question No. 22 of the 21st January 1926, regarding the alleged fraud in the Stores Department of the East Indian Railway, will the Government kindly state the nature of the "transactions" referred to therein, and the names of the two senior officials of the Stores Department, who were dismissed from service, and the grounds of their dismissal, together with the reasons as to why they were not prosecuted?

(b) Is it a fact that the Guarantee Fund money was utilized to meet the loss in the store swindling; and if so, to what extent? Will the Government be pleased to lay on the table an account of the Guarantee Fund for the last three years?

(c) Is it not a fact that according to the Handbook rules of the East Indian Railway Company, the entire Guarantee Fund belongs to the employees, the subscribers of the fund, and were the subscribers consulted before their money was utilized in this way?

(d) Were the facts placed before a Court of law for decision before action was taken in this matter? If not, why not?

The Honourable Sir Charles Innes: (a) and (d). The two senior officials, whose names I will give the Honourable Member if he so desires, were shown as the result of a departmental enquiry to be implicated in an attempt to accept iron of an inferior and much cheaper quality instead of best Yorkshire iron, of which 1,046 cwts. were being purchased. They were not prosecuted because Government was advised that criminal proceedings could not be instituted with such a reasonable prospect of success as would justify their institution.

(b) and (c) There was no loss, and no question therefore arose of using the guarantee fund to meet it.

Mr. Gaya Prasad Singh: Will the Honourable Member give the names of the two officials?

The Honourable Sir Charles Innes: The name of one has already been given—Mr. Wells. I am quite prepared to give the other name to the Honourable Member outside.

DEPRIVATION OF INDIAN EMPLOYEES OF E. I. R. OF STATE RAILWAY PRIVILEGES BY UNFAIR AGREEMENT.

135. ***Mr. Gaya Prasad Singh:** (a) Has the attention of the Government been drawn to a petition submitted to the Railway Board by the Indian employees of the East Indian Railway Company, and published in the *Weekly Musdoor* of Lucknow, dated the 25th February, 1928, in which it is stated that they have been "practically compelled to sign" a fresh service agreement bond, "under moral pressure and hidden threats", sometime before the Railway was taken over by Government?

(b) Is it a fact that all State Railway privileges have been denied to those employees of the East Indian Railway Company, whose services were retained, in terms of the said agreement? Do the Government propose to extend the privileges of State Railways to the employees of the East Indian Railway?

(c) Were similar service agreement bonds taken from the European employees also?

The Honourable Sir Charles Innes: (a) Government received the petition referred to and have replied to it. They are, however, not aware that the employees were made to execute the agreement under any threat or pressure.

(b) It is not understood which State Railway privileges are referred to by the Honourable Member. In the petition referred to the main grievance which was alleged by the petitioners was the non-extension to them of State Railway Leave rules. The men were allowed to continue under the old East Indian Railway leave rules as the leave rules applicable to State Railway employees are, at present, under consideration, and when the rules are revised it is the intention of Government to give those of the late East Indian Railway Coy. employees who fulfil certain conditions the option of coming under the new rules.

(c) All employees, irrespective of their nationality, executed the agreement.

FIRST DAY PAYMENT FOR EMPLOYEES OF E. I. R. AND FURLOUGH FIGURES.

136. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that the employees on the East Indian Railway get their pay in the middle of the month, and not on the first day of the month as in other Government offices? If so, why?

(b) Will the Government be pleased to state if the Civil Service Regulations and Fundamental Rules of the Government of India are applicable to the East Indian Railway servants? Will Government be pleased to state how many Indians and how many Europeans have got furlough leave during the last three years?

Mr. A. A. L. Parsons: (a) Yes. The pay clerks who travel over the line making payments cannot complete their rounds before the middle of a month.

(b) The Civil Service Regulations and Fundamental Rules are not applicable to the East Indian Railway Company's servants who were taken into Government service. No statistics are available as to the number of Indians and Europeans who took furlough on the East Indian Railway during the last three years.

Lieutenant-Colonel H. A. J. Sidney: Will the Honourable Member please state whether the delay in giving salaries to the employees of this

railway is the cause of so many of them being in debt to the Kabuli money lenders and others?

Mr. A. A. L. Parsons: Not so far as I am aware.

BOOKING FACILITIES FOR THIRD CLASS PASSENGERS.

187. ***Mr. Gaya Prasad Singh:** (a) Are Government aware that the following notice, dated the 23rd July 1926, has been issued by the Chief Operating Superintendent, East Indian Railway, Calcutta?

"The public are hereby informed that the authority given to guards to issue certificates to passengers to travel without having first purchased tickets for want of time as laid down in bye-law 5 (b) at page LXIV a of the current Time and Fare Table is cancelled. No passenger will henceforth be allowed to entrain without a ticket. Intending passengers are therefore requested to come to the platform at least 20 minutes before the starting time of trains, and purchase tickets as laid down in Clause 74-P. L. of the same Guide."

(b) Are Government aware that booking offices, specially for Third class passengers at most of the stations, are not open sufficiently early to allow passengers to purchase their tickets in time to come to the platform at least 20 minutes before the starting time of trains; and if so, what arrangements have been made to remedy this state of affairs?

Mr. A. A. L. Parsons: (a) Yes. I would invite the Honourable Member's attention to the reply which I gave to question No. 133 on the 19th August, 1926.

(b) Government have received no representations to this effect. Under rules booking offices which have not got continuous booking are required to open not less than half an hour before the arrival of trains, but the Railway Board recognise that the enforcement of the system under which no passenger is permitted to entrain without a ticket makes a strict observance of this rule imperative. They have therefore asked the Agent of the East Indian Railway to take special steps to see that the rule is strictly observed.

EXAMINATION OF SYSTEM OF COMMUNAL REPRESENTATION.

188. ***Mr. Gaya Prasad Singh:** (a) Has the attention of the Government been drawn to the speech of Lord Birkenhead in the House of Lords in July 1926, in which he said that "the system of communal representation tends to stereotype cleavage"?

(b) Is it in contemplation to examine this system of communal representation with a view to find out as to how far it is responsible for the present tension of feeling prevailing in India?

The Honourable Sir Alexander Muddiman: (a) Yes. The quotation made by the Honourable Member, however, is not quite accurate.

(b) No such action is contemplated.

COST OF LEGATION AT KABUL.

189. ***Mr. Gaya Prasad Singh:** With reference to the reply of Government to my starred question No. 42 of the 25th August, 1925, to the effect that the Legation at Kabul represents the British Government, and the Government of India, "in fact the whole Empire", will the Government kindly state why the cost of its maintenance is not shared by the British Government, or the "whole Empire"?

Mr. E. B. Howell: I have nothing to add to the answer given on that occasion by Sir Denys Bray.

DETAILS OF STAFF AT KABUL LEGATION.

140. ***Mr. Gaya Prasad Singh:** Will Government be pleased to state how many European officers and how many Indian officers have been given appointments in the Legation at Kabul, and what is the annual amount of their respective salaries and allowances?

Mr. E. B. Howell: Apart from the Military Attaché and the Legation Surgeon and the two Consuls at Jalalabad and Kandahar the Minister's staff consists of one Counsellor and two Secretaries, of whom one is an Indian.

The total emoluments received by these officers are approximately equal to those of which H. M.'s diplomatic representatives and their staffs of corresponding status in other foreign countries are in receipt.

PROJECTED LINE FROM RISHIKESH TO KARANPRAYAG.

141. ***Mr. Gaya Prasad Singh:** With reference to my starred question No. 28 of the 1st February, 1924, and the reply of the Government that "a project for a Railway line from Rishikesh Road to Karna Prayag on the way to Badri Nath is at present under consideration", will the Government be pleased to state if they have sanctioned a railway survey to be made of the line in question? If so, by what time is the survey likely to be completed?

Mr. A. A. L. Parsons: Yes. The survey of the projected line from Rishikesh to Karanprayag on the way to Badri Nath has been sanctioned and it is expected that it will take about nine months to complete it.

PREVENTION OF IMPORTATION OF COCAINE.

142. ***Mr. Gaya Prasad Singh:** (a) Has the attention of the Government been drawn to the following passage in the "Report of the administration of the Excise Department" of Behar and Orissa for 1924-25 (page 19):

"Cocaine cases show a remarkable increase from 52 in 1923-24 to 98 in the year under review. There had been a very substantial check on the use of this deleterious drug during the war, and for some time after it; but increased quantities of the drug are again apparently coming into the country through the ports, and the vice is again on the increase."

(b) Are Government aware that in reply to a question on this subject in the Behar and Orissa Legislative Council on the 18th August, 1926, the local Government stated that "the only effective means of checking the traffic is to prevent the import of the drug. That is a matter which is under the consideration of the Government of India"?

(c) What action have the Government taken in this connection; and will the Government be pleased to lay on the table the latest communication of the Behar and Orissa Government on this subject?

The Honourable Sir Basil Blackett: (a) The Government have received and read the Report.

(b) Yes.

(c) The Government have not received any communications from the Government of Bihar and Orissa on this subject, except in regard to technical details arising out of the Geneva Convention.

The importation of cocaine is and has for many years been subject to rigid restrictions and every effort is made by the Customs Department to render those restrictions effective. A copy of the latest Notification on the subject is laid on the table. [Finance Department (Central Revenues) Notification No. 55, dated the 20th November, 1926.]

FINANCE DEPARTMENT (CENTRAL REVENUES).

NOTIFICATION.

CUSTOMS.

Delhi, the 20th November 1926.

No. 55.—In exercise of the power conferred by section 19 of the Sea Customs Act, 1878 (VIII of 1878), and in supersession of the notification of the Government of India in the Department of Commerce and Industry No. 720-79, dated the 4th February 1911, the Governor General in Council is pleased to prohibit the bringing by sea or land into British India of any of the articles named in the first column of the Schedule to this notification from any place named in the second column of the Schedule except when covered by one of the exceptions specified in the third column of the Schedule.

Schedule.

Articles. 1	From 2	Exception 3
1. (a) Raw opium . . .	Any Indian State or Foreign Settlement in India.	Raw opium imported otherwise than by post, (a) on behalf of the Government of India, (b) under an import authorisation granted by the Government of India, or (c) in accordance with any rule framed under section 5 of the Opium Act, I of 1878.
(b) Ditto . . .	Any other place outside British India.	Raw opium imported, otherwise than by post, under an import authorisation granted by the Government of India.
2. Prepared opium, as defined in the Hague Opium Convention of 1912.	Any place outside British India.	No exception.*
3. Coca leaves . . .	Ditto . . .	Importations, otherwise than by post, covered by an import authorisation granted by the local Government within whose jurisdiction the importer resides or has his place of business, or by an officer empowered in this behalf by such local Government.
4. (a) Medicinal opium . . . (b) Crude cocaine and ecgonine ; (c) Morphine, diacetylmorphine, cocaine and their respective salts ;	Ditto	Importations, otherwise than by post, covered by an import authorisation granted by the local Government within whose jurisdiction the importer resides or has his place of business, or by an officer empowered in this behalf by such local Government.

Articles. 1	From 2	Exception. 3
(d) All preparations official and non-official (including the so-called anti-opium remedies) containing more than 0·2 per cent. of morphine or more than 0·1 per cent. of cocaine ;	Any place outside British India.	Importations, otherwise than by post, in transit to a place outside British India, covered by an import authorisation granted by or under the orders of the local Government within whose jurisdiction the port or place of importation is situated, such authorisations being marked "In transit".
(e) All preparations containing diacetylmorphine ;		
(f) Galenical preparations (extract and tincture) of Indian hemp.		
5. Indian hemp and bhang	Ditto	Importations, otherwise than by post, (a) on behalf of any local Government, (b) under an import authorisation granted by the local Government within whose jurisdiction the importer resides or has his place of business, or by an officer empowered in this behalf by such local Government, and (c) in accordance with any rule framed under any local Excise Act.

NOTE.—All the entries in the first column of the above Schedule except "prepared opium" and "bhang" shall be interpreted in accordance with the definitions contained in Article 1 of the Geneva Dangerous Drugs Convention of 1925. The words "National pharmacopœia" in that Article shall be interpreted to mean "British pharmacopœia".

A. TOTTENHAM,

Joint Secy. to the Govt. of India.

C No. 55—77-E.O./25.

Copy forwarded to—

The Hon'ble the Agent to the Governor General in Central India and Rajputana, the Hon'ble the Residents in Mysore and Hyderabad, the Residents at Baroda, in Kashmir and at Gwalior and the Agents to the Governor General, Punjab States, Madras States and the States of Western India, for information and necessary action.

All Collectors of Customs, the Collector of Salt Revenue, Bombay, the Commerce Department, the Opium Agent, Ghazipur, the Director General, Posts and Telegraphs, the Indian Trade Commissioner in London, the British Trade Commissioners in India, Calcutta and Bombay, and the Director, Federation of British Industries, London, for information.

The Director General of Commercial Intelligence for publication in the Indian Trade Journal.

(Sd.) T. D. AHMAD,

for Under Secy. to the Govt. of India.

LOCATION OF IMPERIAL LIBRARY.

143. ***Mr. Gaya Prasad Singh:** Will Government kindly state what decision, if any, they have arrived at, regarding the location of the Imperial Library of Calcutta?

The Honourable Mr. J. W. Bhoré: A committee consisting of the Educational Commissioner with the Government of India, the Education Secretary to the Government of Bengal, a representative of the Library Council, and a senior officer of the Finance Department sat in Calcutta in December to consider the present condition and future of the Imperial Library, and to make recommendations. The report of the Committee has been received and is at present under consideration.

PASSPORT TO SWAMY SATYA DEVA TO VISIT EUROPE.

144. ***Mr. Gaya Prasad Singh:** Will Government kindly state if there has been any communication between them and any local Government, regarding the grant of a passport to Swamy Satya Deva to visit Europe for medical treatment of the eyes? If so, are Government prepared to place the correspondence on the table, and also state if the passport has been refused; and if so, why?

The Honourable Sir Alexander Muddiman: The application from Swami Satya Deva for the issue of a passport was refused by the Government of the Punjab who reported the fact for the information of the Government of India. Government are not prepared to lay the local Government's letter on the table.

STRENGTH OF VARIOUS COMMUNITIES IN PROVINCIAL LEGISLATIVE COUNCILS.

145. ***Mr. M. A. Jinnah:** (a) Will the Government be pleased to state what the exact number of Moslem representatives is in the various provincial Councils and how many of them are elected; and how many nominated?

(b) Will the Government be pleased to furnish similar information as regards the members of the other communities?

The Honourable Sir Alexander Muddiman: The information is being called for from the various Local Governments, and will be supplied to the Honourable Member in due course.

MUSSALMANS ELECTED BY SPECIAL OR MIXED ELECTORATES.

146. ***Mr. M. A. Jinnah:** 1. Will the Government be pleased to state whether any Musulman has been elected by any special interest electorates or mixed electorate for which a Musulman is eligible for election under the Government of India Act, 1919, since it came into operation.

(a) To any of the Provincial Councils; if yes, which, when and how many?

(b) To the Legislative Assembly; if so, when, and how many?

(c) To the Council of State; if so, when, and how many?

2. Will Government be pleased to state how many such special interest electorates or mixed electorates exist under the present constitution?

The Honourable Sir Alexander Muddiman: 1. A statement containing the information so far as it is available has been laid on the table.

2. Provincial Councils	...	...	...	71
Legislative Assembly	...	...	...	16
Council of State	...	...	...	8

Statement showing the number of Muhammadans returned by special or mixed electorates.

Name of Legislature.	Name of Constituency.	No. of Members returnable.	No of Muham-madans returned.	Year.
Bombay Legislative Council.	Sind Jagirdars and Zamindars.	1	1	1920. General Elections.
United Provinces Legislative Council	Taluqdars . .	4	1	Ditto.
Legislative Assembly .	Bombay Mill Owners Association.	1	1	Ditto.
Ditto .	Delhi constituency .	1	1	Ditto.
Council of State .	...	<i>Nil.</i>	<i>Nil.</i>	
Burma Legislative Council.	Indian Urban . .	8	4	1922. Elections to Burma Council.
Bombay Legislative Council.	Jagirdars and Zamin-dars (Sind Land-holders).	1	1	1923. General Elections.
Bengal Legislative Council.	Dacca University .	1	1	Ditto.
United Provinces Legislative Council.	Taluqdars (Land-holders).	4	1	Ditto.
Legislative Assembly .	...	<i>Nil.</i>	<i>Nil.</i>	
Burma Legislative Council.	Indian Urban . .	8	3	1926. Elections to the Burma Legislative Council.
Council of State .	.....	<i>Nil.</i>	<i>Nil.</i>	

Information regarding the last general elections is not available.

Pandit Nilakantha Das: Will the Government also give the information as to in how many constituencies there were Muhammadan candidates, how many Muhammadan votes were recorded in those constituencies and how many votes were recorded in all in favour of each Muhammadan candidate?

The Honourable Sir Alexander Muddiman: Curiously enough, Sir, the information is not within my immediate knowledge. If the Honourable Member will put a question down I will be delighted to attempt to supply him with the information.

BENGAL DETENUS.

147. ***Mr. M. A. Jinnah:** (a) Will the Government be pleased to state how many detenues from Bengal are still incarcerated, and under what statute or regulations and laws respectively?

(b) Will the Government state the period during which each of them has already undergone imprisonment?

(c) Will the Government state how long further the Government propose to keep them in prison before they are released or tried by a proper tribunal?

The Honourable Sir Alexander Muddiman: (a) and (b). The number of persons at present detained in jails in connection with the Bengal revolutionary conspiracy is 16 under Regulation III and 72 under the Bengal Criminal Law Amendment Act. A statement is laid on the table showing the period of detention undergone by those who have been dealt with under Regulation III. The Government of India are not in possession of similar information regarding those dealt with by the Government of Bengal under the Bengal Criminal Law Amendment Act.

(c) With regard to the release of these persons I would refer the Honourable Member to the answer that I should have given to-day to Raja Raghunandan Prasad Singh's question on the same subject had he put it:

"The policy of Government in regard to the release of detenues under the Bengal Criminal Law Amendment Act and Regulation III of 1818 is to release them as and when considerations of the public safety permit. As stated recently by His Excellency the Viceroy in his address to the Members of this House, Government are prepared to release individuals as soon as they are satisfied that their release would not defeat the object for which they have been put under restraint, namely, the prevention of terrorist outrages."

List of persons in detention under Regulation III of 1818.

Name.	Date from which detained.
Jadu Gopal Mukherjee	25th September, 1923.
Satish Chandra Bhattacharji <i>alias</i> Pakrashi	25th September, 1923.
Bhupendra Kumar Dutta	25th September, 1923.
Jyotish Chandra Ghosh	25th September, 1923.
Monaranjan Das Gupta	25th September, 1923.
Bhupati Mazumdar	25th September, 1923.
Amrita Lal Sarkar	25th September, 1923.
Rabindra Nath Sen Gupta	25th September, 1923.
Kali Prasad Banerjee	27th September, 1923.
Jiban Lal Chatterji	4th October, 1923.
Satish Chandra Chakravarti	23rd January, 1924.
Arun Chandra Guha	25th January, 1924.
Kiran Chandra Mukerji	25th January, 1924.
Purna Chandra Das	6th March, 1924.
Bepin Behari Ganguli	9th March, 1924.
Pratul Ganguli	22nd August, 1924.

Mr. M. A. Jinnah: Sir, I want to know whether the Honourable Member will be able to give us the figures of those who are under detention under the Bengal Criminal Law Amendment Act.

The Honourable Sir Alexander Muddiman: I think I have given you the figures. I have not the periods of their detention.

Mr. M. A. Jinnah: Will the Honourable Member be able to give the periods of their detention later on?

The Honourable Sir Alexander Muddiman: The information is not here. I will endeavour to obtain it.

Mr. M. A. Jinnah: Will the Honourable Member assure us that he will get the information and place it before the House?

The Honourable Sir Alexander Muddiman: I have no objection.

Mr. A. Rangaswami Iyengar: Will the Honourable Member in giving the information give the periods of detention not only under this Act but the amount of imprisonment each of them has undergone in their life?

The Honourable Sir Alexander Muddiman: That, Sir, is very difficult. Probably the Honourable Member may know better than I do the previous history of these persons.

148 and 149. (Not put)

ECONOMIC INQUIRY COMMITTEE, 1925.

150. ***Kumar Ganganand Sinha:** Have Government considered or are they considering the report of the Economic Inquiry Committee, 1925? If so, when will they announce their decision regarding taking action on the Committee's recommendations? If not, why?

The Honourable Sir Basil Blackett: The attention of the Honourable Member is invited to my reply to Starred Question No. 105 in the Legislative Assembly Debates dated the 19th August, 1926. The Government have not yet received the replies from all Provincial Governments.

EXTERNAL CAPITAL COMMITTEE, 1925.

151. ***Kumar Ganganand Sinha:** Have the Government considered or are they considering the report of the External Capital Committee, 1925? If so, when will they announce their decision regarding taking action on the Committee's recommendations? If not, why?

The Honourable Sir Basil Blackett: The Government are considering the Report of the External Capital Committee and the copies of the correspondence with Local Governments, etc., which are placed on the table, will show the action they are taking on the recommendations of the Committee. As I said in reply to Starred Question No. 59 in the Legislative Assembly Debates of the 18th August, 1926, the recommendations have in some cases to be considered in connection with the Report of the Currency Commission in respect of which the Government have already announced their decisions and introduced the necessary legislation.

Serial No. 1.—LETTER TO THE MANAGING GOVERNORS OF THE IMPERIAL BANK, No. D-5121-F., DATED THE 22ND DECEMBER, 1925.

I am desired to forward for the information of the Imperial Bank two copies of the Report of the External Capital Committee, 1925, and of an address recently delivered by the Hon'ble Finance Member on Indian Banking and Monetary progress.

2. It will be observed that the External Capital Committee attach the greatest importance to the development of the vast store of dormant capital in India and to the increase and extension, with this object in view, of banking facilities. They emphasize the importance of a co-ordinated survey being undertaken at the earliest opportunity of the whole field of banking in India to be followed by a detailed examination by an expert Committee or Committees of the lines along which progress should be effected. The address of the Hon'ble Finance Member attempts a brief survey of the existing position, emphasising the points on which existing information is defective and endeavouring to point out certain aspects of the question regarding which further detailed consideration is desirable. The Government of India are consulting the local Governments with the object of filling in, so far as possible, the gaps in their information and of obtaining the local Governments' views as to the best method of further enquiry. There are, however, as is natural, a large number of questions on which the Imperial Bank will be able to supplement the information in the possession of Government and to offer useful advice. The matters dealt with in the following paragraphs are of this nature. They are not intended to be exhaustive and the Government of India would welcome any suggestions and advice both on these and other points which the Imperial Bank may be in a position to give.

3. One question, which is referred to in paragraph 10 of the Report of the External Capital Committee is the extension of the activities of existing banks and the creation of new branches of the Imperial Bank with the object of increasing the facilities for deposit and investment. The Committee recognize that in view of the recent rapid extension of the Imperial Bank the ground acquired will have to be consolidated before a further advance becomes possible, but they suggest that a comprehensive enquiry might be instituted to ascertain the localities in which such extensions will offer prospects of success. The Imperial Bank has, no doubt, already made a careful examination of this question, and the Government of India would welcome their views as to the desirability and possibility of a further extension of their branches. In this connection two important questions arise. First, the desirability of avoiding undue competition with existing Joint Stock Banks and second, the possibility of co-ordination with the indigenous banking system of the country. The question of competition with existing banks leads up to the question of increasing the facilities for transfer of funds. The Government of India recognize that the Imperial Bank has recently improved the facilities which it offers by reducing the charges made to banks for transfer of funds wherever there is a head-quarter treasury. The Government of India would be glad to learn the results of this change and the possibility of any further extension of the facilities for transfer of funds through the agency of the Imperial Bank for banks or for the public. In this connection suggestions for improvement of the system of remittance through supply bills remittance transfer receipts, bank post bills and telegraphic transfers through currency might be considered. It is understood that the Imperial Bank is already considering the possibility of certain modifications in procedure under some of these heads. In the same paragraph of the External Capital Committee's Report they suggest an enquiry into the possibility of creating new clearing houses. On this point the Government of India would welcome the views of the Imperial Bank and also on the question whether in up-country markets, where indigenous banks are of greater importance than in the Presidency towns, it might be possible to extend the privileges of the clearing houses to private banks of suitable status. It is not known what facilities exist at present for clearing the cheques of private firms up-country, and on this point the Imperial Bank will be able to elucidate the position. It might also be worth considering whether a scheme could be devised for the clearing of cheques between the various clearing houses.

4. Another important aspect of the question is that of improving the transferability and marketability of Government securities. Under this head the Government of India would welcome any suggestions whether in the direction of improving the legal characteristics of Government securities, particularly promissory notes, or of

improving the machinery for the transfer of securities from one local head office of the Bank to another, or of modifying the system of accounts in the Public Debt Office, so as to facilitate the opening of fresh Public Debt Offices in addition to those at Calcutta, Madras and Bombay, should this be considered desirable. The object of the last suggestion is, of course, the creation of local markets for Government securities and the development of local stock broking which might lead to the development of stock exchanges dealing also in industrial securities. The Government of India would also welcome any suggestions of the Imperial Bank for the development of investment through such agencies as Savings Banks and Post Office Cash Certificates.

5. I am also to refer to paragraph 15 of the Report of the External Capital Committee, which deals with the development of the use of negotiable instruments. On this subject the assistance of the Imperial Bank will be most valuable, and their attention is specially invited to the suggestions made in paragraph 28 of the Hon'ble Finance Member's address. As stated in paragraph 26 of that address, the position created by a recent decision of the Bombay High Court regarding Hundis is already under the consideration of Government.

6. Finally, there is the important question of banking education in India. The Government of India are aware that the Imperial Bank have under consideration the possibility of forming an Institute of Indian Bankers and its co-ordination with similar authorities in England. They would be glad to be kept in touch with any development in this connection.

Serial No. 2.—LETTER TO ALL LOCAL GOVERNMENTS, No. D-5121-F., DATED THE 22ND DECEMBER, 1925.

I am directed to forward for the information of the Government of Madras, etc., two copies of the Report of the External Capital Committee, 1925, and of an address recently delivered by the Hon'ble Finance Member on Indian Banking and Monetary Progress. I am also to enclose copy of a letter which has been addressed to the Managing Governors of the Imperial Bank of India. As stated in that letter, the Government of India are anxious, in the first place, to supplement their information on the various subjects connected with the development of banking, so as to provide material for a survey of the whole field as suggested by the External Capital Committee. The Government of India will welcome any information or suggestions which the local Government is in a position to offer with regard to the preparation of this survey. Their views are further invited on the question of the best method of subsequent procedure, whether by the appointment of a Committee, or Committees to deal with special problems, or otherwise in order to carry out, so far as possible, the recommendations of the External Capital Committee.

Serial No. 3.—LETTER FROM THE MANAGING GOVERNORS OF THE IMPERIAL BANK OF INDIA, DATED THE 8TH JANUARY, 1926.

We have to acknowledge receipt of your letter No. D-5121-F., of 22nd ultimo forwarding two copies of the Report of the External Capital Committee, 1925, and of an address recently delivered by the Hon'ble Finance Member on Indian Banking and Monetary Progress, for which we thank you.

The subject is one which is naturally of great interest to us and we shall be pleased to do everything we can with the machinery at our disposal to further the enquiries which are being made and to assist any Committee or Committees which may be formed.

The various questions raised in your letter under acknowledgment are being examined and a detailed reply thereto will be sent to you in due course.

Serial No. 4.—LETTER FROM G. T. BOAG, Esq., I.C.S., SECRETARY TO THE GOVERNMENT OF MADRAS, FINANCE DEPARTMENT, No. 165, DATED THE 22ND FEBRUARY, 1926.

Development of Banking in India.

Reference, letter from the Government of India, Finance Department, No. D-5121-F., dated the 22nd December, 1925.

In their letter referred to above, the Government of India ask :—

- (1) for any information or suggestions which this Government are in a position to offer with regard to the preparation of a survey of the whole field of Banking in India; and
- (2) for suggestions as to the best method of subsequent proceedings, whether by the appointment of a Committee or Committees to deal with special problems, or otherwise, in order to carry out, so far as possible, the recommendations of the External Capital Committee.

2. I am directed to state in reply that the Government of Madras would assure the Government of India that they fully recognise the importance of the subject mentioned in the letter and are prepared to give every assistance in their power to the suggested enquiry.

3. I am also to state that in the opinion of this Government the most satisfactory method of exploring the question would be by appointing a strong practical committee composed of banking and business experts, which should deal with special conditions in particular provinces by co-opting for each province, as it is visited, members with special knowledge of the conditions and problems existing there, and that any points which seem to require separate scrutiny should be examined by sub-committees which should also have the power of co-option. When this committee has framed a detailed questionnaire, this Government will afford it every help by placing it in touch with individuals or bodies capable of assisting it. This Government would point out that in this Presidency they are not officially brought into direct contact with the technical side of banking organisations, although they are naturally concerned with the general question as affecting the economic life of the people.

4. As regards question (1) in the Government of India's letter, the Government of Madras regret that they have no special information at their disposal outside the usual channels, such as the annual reports in the case of the European and larger Indian Bankers. Even this information is lacking in respect of the elaborate and extensive banking operations carried on by such agencies as Marwaries and Nattukkottai Chetties. As regards these indigenous banking systems, the Income-tax department is no doubt in a position to furnish a great deal of valuable information as to their methods and the extent to which they assist in the financing of the trade, commerce and agriculture of the country. The Local Government are, however, no longer in administrative control of the Income-tax department, and the Government of India can with more propriety obtain directly from their own officers such information as can be made available.

5. This Government fully recognise the importance to this country of diverting its hoarded wealth into profitable channels of investment, and would welcome any enquiry which had this object in view.

LETTER FROM V. S. SUNDARAM, ESQ., UNDER SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, (CENTRAL REVENUES), TO ALL PROVINCIAL GOVERNMENTS, C. No. 24-STAMPS/26, DATED THE 13TH MARCH, 1926.

Proposal to reduce the one anna stamp duty on cheques.

I am directed to refer to Mr. McWatters' letter No. D-5121-F., dated the 22nd December, 1925, regarding the report of the External Capital Committee. The question of reducing the stamp duty on cheques was not definitely referred to in that letter, but the question has now been raised in the Council of State by the Hon'ble Mr. P. C. Sethna and in reply to his question on the subject it was stated that the Government of India would consider the matter in connection with the report of the External Capital Committee. The Hon'ble Mr. Sethna also gave notice of a Resolution in the Council of State recommending a reduction in the rate of stamp duty from one anna to half an anna, but owing to the Hon'ble Member's absence the Resolution will not now be moved.

2. From figures which have been obtained by the Government of India from the local Governments, the amount of the stamp duty obtained from embossed stamps

on cheques has been ascertained to be in the neighbourhood of 7 lakhs a year. The details supplied by the various Provinces are given below:—

Provinces.	Stamp duty on cheques. 1923-24	Stamp duty on cheques. 1924-25
	Ra.	Ra.
Madras	77,048	69,252
Bombay	2,41,000	2,50,000
Bengal	2,60,614	2,28,017
United Provinces	48,045	48,477
Punjab and North-West Frontier Province	35,854	35,595
Burma	45,000	46,000
Bihar and Orissa	981	4,526
Central Provinces	7,336	6,100
Assam	1,073	1,081
Total	7,16,151	6,83,998

There is good reason to believe that the number of cheques stamped with unified stamps is negligible. The above quoted figures indicate that the use of cheques in India is still on a relatively small scale, and it appears to the Government of India a matter for serious consideration whether the rate of duty should not be reduced as suggested by the Hon'ble Mr. Sethna with the object of popularising their use and extending banking habits. It is true that in England in 1918 the stamp duty on cheques was raised from one penny to two pence, but a perusal of the report of the debate in the House of Commons on that occasion shows that this proposal met with more active opposition than perhaps any other in the Budget of that year, and Mr. Bonar Law in defending it definitely stated that his reason for going on with the proposal was that the use of cheques had become so established in England and their convenience was so generally recognised, that it was unlikely that the increased duty would have any effect in reducing the number of cheques used. He added that if he had any fear that their number would be reduced, he would not proceed with the proposal. The position in India is entirely different, where the advantages and convenience of the use of cheques are still imperfectly recognised.

3. The Government of India would call attention to the fact that in 1921 the question of increasing the stamp duty on cheques in India was raised both by the Committee appointed by the Government of Bengal and by the Bombay Government, but that on further consideration the proposal was dropped with the agreement of all Provincial Governments, since it was felt that it would constitute an interference with the development of banking. The question, however, of reducing the existing rate has not hitherto been considered.

4. The view of the Government of India is that the proposal to reduce the rate of stamp duty on cheques is one which deserves careful consideration. They have not sufficient data to decide whether the existing rate of stamp duty actually constitutes an obstacle to the development of banking habits, but if it does so, they consider that this is undesirable in the best interests of India and think that a reduction to $\frac{1}{2}$ anna might be a valuable step forward as well as a valuable proof of the Government's earnestness in desiring to encourage the banking habit. If the reduction of the duty were to result in popularisation of the cheque system, it is possible that reduction in the rate of duty would not in the long run lead to a loss of revenue to

Provincial Governments, to whom this revenue of course belongs. The Government of India, however, would not be in favour of any suggestion to abolish the duty altogether, as was originally suggested by the Hon'ble Mr. Sethna. It is true that in the United States of America there is no stamp duty on cheques, but it is believed that banks in that country find means to protect themselves against the excessive use of cheques for petty sums, which naturally would throw considerable extra work on the banks and would tend to clog the machinery of the Clearing Houses. The Government of India would deprecate the introduction into India of any such vexatious restrictions.

5. I am therefore to request that the Government of India may be favoured with the views of His Excellency the Governor in Council on this question.

Serial No. 5.

Copy forwarded to the Finance Department, for information.

Serial No. 6.—LETTER FROM MILES IRVING, Esq., O.B.E., I.C.S., SECRETARY TO GOVERNMENT, PUNJAB, FINANCE DEPARTMENT, No. 11240-F., DATED THE 6TH APRIL, 1926.

I am directed to reply to your letter No. D-5121-F., dated the 22nd December, 1925, and to say that the Governor in Council agrees with the view expressed by the External Capital Committee, that an early examination of the various subjects connected with the development of banking is most desirable.

2. With regard to the question of procedure, the Governor in Council would suggest to the Government of India the desirability of convening a meeting of bankers composed of representatives of the Imperial Bank, Joint, Stock, Exchange and Indigenous Banks and of the Co-operative Organisation, and of ascertaining their views regarding the necessity and scope of the preliminary survey. If the members were not in a position, from their own knowledge, to make specific recommendations, they would be able to make definite suggestions—preferably in the form of a questionnaire—as to what further information was required in order to provide material for a comprehensive survey if they considered such a survey to be necessary. Local Governments might be then addressed with a view to applying the information suggested by the questionnaire. The Governor in Council, however, is inclined to the view that the information which the members themselves could supply would obviate the necessity of the preliminary survey, and would enable the Government of India after obtaining the views of Local Governments if this were considered necessary to decide the form which the detailed enquiry or enquiries should take.

Serial No. 7.—LETTER FROM K. M. PURKAYASTHA, Esq., M.A., SECRETARY, INDIAN CHAMBER OF COMMERCE, No. F-5/26, DATED THE 31ST MARCH, 1926.

I am directed by the Committee of the Indian Chamber of Commerce to refer to paragraphs 9 to 16 of the report of the External Capital Committee published in October last year, in which after briefly indicating several directions in which Indian banking and credit organisation are in need of advance and development, the Committee record a general recommendation "that the first step required is the collection of accurate and up-to-date information of the progress so far made and a comprehensive survey of the whole field which we suggest should be undertaken by Government without delay", and that such general survey should be followed by a Commission composed of experts. The subject was referred to in course of a debate in the Council of State on the 10th March and it appears that an enquiry is being conducted through official agency and that the question of the appointment of a Commission for undertaking a comprehensive investigation will be considered when the recommendation of the Currency Commission and the Agricultural Commission in regard to the banking issues arising in the course of their investigations become available. But the Indian banking problem is of so important a character and of such far-reaching significance and the issues involved are of so technical a nature that a mere departmental enquiry could hardly lead to fruitful results. The problem requires for its solution a wide study and critical appreciation, both of the facts of the Indian industrial and economic life as also of the history of banking development in other countries and it is the considered opinion of the Committee of the Indian Chamber that a Commission of experts should be appointed forthwith and that the compilation of such data as are being made departmentally at present should be left to the Commission itself or at any rate should be undertaken under the direction and supervision of the Commission.

2. The record of banking progress in this country is a piteous one: The existing banking facilities are inadequate, unsatisfactory, inelastic and altogether unsuited to the country's needs and requirements. The only branch of banking in which any progress worth mentioning has been made is commercial banking. All other aspects of banking have either been neglected or proved failures or achieved meagre results. Exchange banking is entirely in the hands of banks of foreign origin. Industrial banking ended abortive. Experiments on a very restricted scale are being conducted in Madras and Burma in regard to land mortgage banking. Banking facilities for agriculturists through any properly organised agricultural bank are unknown except for such relief as the co-operative banks have been able to afford on a modest scale; and even the progress achieved by the latter has been both slow and chequered. Lastly the problem of a State or Central Bank remains unsolved to this day, as the Imperial Bank of India is but a poor substitute-handicapped by its very constitution and the manner of its growth in discharging the functions of a banker's bank. In fact, it has been growing day by day into a powerful menace to the welfare and growth of the Indian Joint Stock Banks.

3. The most vital progress required in Indian banking is the enlargement of working capital. On the 31st March, 1925, the deposit of the Imperial Bank both on public and other account was 102 crores of rupees; the deposit of the same date of the four principal Indian banks was 41 crores of rupees and of the five Anglo-Indian Exchange banks £103 millions. A large part of the working capital of the Exchange banks is located outside India; on the other hand there are a number of small banks whose deposits even though small have been neglected in this computation. In any case, it would probably be safe to estimate that the working capital employed by the Indian banks including the Government balance would not exceed 250 crores of rupees. The figure arrived at is entirely a rough one but would nevertheless provide an instructive data for comparison with the corresponding figures of other countries. The total deposit of Japanese banks at the end of 1924 was 72,000 million yens, the total deposit of Canadian banks on 31st July, 1925 was 2,227 million pounds and the deposit of the Australian and New Zealand Banks on 31st March, 1925 was 339 million pounds. The Committee of the Chamber do not desire to examine further these figures in the light of population statistics; as they feel the inference can be obviously drawn on the basis of these data alone that at present in India only a small part of the current income of the community flows into the banks. To stimulate a habit of deposit in the people, to inspire confidence in the banking system, to multiply the number of banking organisations and thus on a basis of enlarged cash resources, to build up a superstructure of sound and elastic credit—that is the first problem of Indian banking.

4. After a careful study of the facts, special legislation will have to be undertaken to protect and strengthen the credit of the banking institutions. The question will also require an examination as to how far it is necessary to provide for a grant of special charters to particular institution or how far it may be necessary to inaugurate a system of national or provincial banking with the share capital either fully or partially provided or guaranteed by the Government. The working of the Imperial Bank will have to be carefully investigated to ascertain how far it is likely to meet the needs of a Central Bank under a reformed banking system and in its default, proposals will have to be adumbrated for the inauguration of a federal reserve banking system which, with the privilege of a note-issuing monopoly, shall lend elasticity to the monetary system and as depository of the ultimate reserve of the entire banking system shall co-ordinate and pool the resources of the whole community. It will also have to be ascertained what changes would be required in the privileges now enjoyed by the foreign exchange banks in this country so as to ensure proper safe-guarding of Indian business interests and Indian co-operation in working, how far and in what directions the co-operative banks may be strengthened, on what basis agricultural banks and land mortgage banks ought to be inaugurated, so as to bring banking facilities to the door of the rural population as also of the middle-classes in up-country urban areas and how the inauguration of industrial banks which will not brook of any delay is to be effected. The Committee do not wish to anticipate how far the developments herein indicated might involve beginning with a clean slate but even recognising the limitation under which a too sharp reform of the banking system is practicable, there are measures which can be adopted as temporary expedients without any violent changes in the existing system. In the first place, the competition of the Imperial Bank with the Joint Stock Indian banks which is being experienced in many respects must be reduced. It may be possible to strengthen the position of Joint-stock banks by placing on deposit a certain part of the Government balance with these banks. Similarly steps may be taken to recognise the branches of the Joint-stock banks as Government Treasurers in places where the Imperial Bank has no branches. Lastly,

the Imperial Bank may adopt a policy of encouraging dealings with the public through the agency of the Joint-stock banks. Such a policy will serve a double useful purpose; it will better safeguard the Imperial Bank against its risk of investment and, secondly, the Joint-stock banks through whose agency the business is transacted, acquire a position of increasing credit in public estimation.

5. If the Imperial Bank has thus to strengthen the hands of the Indian Joint-stock banks, the latter will have to strengthen the hands of the shroffs or indigenous bankers. A fact which handicaps the mobility of banking capital from one place to another and which may be referred to in this connection is the high commission charged by the banks in collecting cheques drawn on other stations. The commission charged by the Imperial Bank is heavy and that by other banks is only trifling less heavy but this is comparatively a minor aspect of the question. In Great Britain and United States of America the creation of an open money market lends particular mobility to the monetary resources. This market consists in discounting the self-liquidating trade bills brought to the commercial banks by the innumerable bill brokers and discounting houses. In India except in respect of foreign trade the corresponding facilities offered by the open money market in England and America particularly with regard to the financing of internal trade are almost entirely absent. A very necessary development of the Indian banking system lies through its evolution of such an open money market so that the merchants may be financially relieved by an extended use of the credit instruments. It is no doubt true that trade bills are discounted to a limited extent by commercial banks but in the absence of re-discounting facilities from the central banking institution as there exist in Great Britain or United States of America, such discounting business is on a very much restricted scale. Signal service was in this direction hitherto being rendered by the shroffs and other indigenous bankers who grant accommodation to the merchants against hundis. But even this extremely useful and resourceful activity of the indigenous bankers has a tendency to be materially curtailed in recent years. The Exchange banks which used to borrow money from abroad to finance the foreign trade in the country have now been relying more and more on the local market; with the result that the resources which until recent years were available to finance the movement of internal trade are now being exploited to benefit foreign trade entirely. The Committee of the Indian Chamber cannot stress too much on the necessity of developing the indigenous banking system, as a part and parcel of the open money market as it exists in Great Britain or in U. S. A. Under the present system the shroffs grant accommodation to merchants on hundis which in a very large number of instances are substitutes of the internal trade bills, the accommodation required being for financing actual commercial transactions. These hundies resemble in a very large measure the single-name American "Commercial papers" which are freely discounted by the American Commercial banks. In the absence of such adequate facilities for discounting, accommodation available in this country for merchants from indigenous bankers is naturally restricted. If, however, under a developed system of Indian banking the commercial banks were to freely discount the internal trade bills or advance money to the indigenous discounting houses to finance their operations much of the existing financial strain on the merchants would have been relieved. Besides, the great service rendered to the domestic trade, the creation of an open money market will have the additional merit of stabilising the money rates and lending liquidity to the resources of the commercial banks.

6. The question of agricultural credit has been receiving great attention in recent years in New Zealand and in Great Britain and in the latter country only recently the report of Mr. R. R. Enfield published by the Ministry of Agriculture formulates important proposals. With regard to the establishment of a Central Loan Bank based on the American and German model as also the liberal grant on the part of the commercial bank of overdrafts for agricultural purposes. The weakness of the British banking in its total absence of facilities for long term investments is also inherent in the Indian system. In Japan and Germany a special type of Credit Institution had been evolved which advance money for long periods to industrial undertaking on hypothecation of capitalised assets, stock-in-trade and sometimes without any security collateral or otherwise. The Hypothetic Bank of Japan which was established in 1897 is now at the head of 27 industrial and agricultural banks of Japan carrying on business in different prefectures. The total advance of these institutions of the Hypothetic Bank at the end of 1924 was over 1,000 million yens or exchanged at the rate of mint per over 125 crores of rupees. The whole of this amount represents a long term industrial and agricultural investment.

7. These are some of the salient features of the Indian banking problems which the Committee of the Indian Chamber have thought fit to bring to the notice of the Government of India, their object being to bring out the vastness of the issues

involved in any examination of the problems. They suggest therefore that instead of a departmental enquiry as is being carried on at present, a Commission to enquire into the whole question of banking development and organisation of credit facilities be appointed at an early date with the widest terms of reference. The importance of such an investigation cannot be overstated having regard to the fact that an enquiry into the banking problems has long been overdue. No further time should not be lost in opening the suggested Commission of enquiry. The compilation of such data as are being departmentally made at present could be left to the Commission itself or at any rate could be undertaken under the discretion of the Commission after it has been appointed. The Committee of the Chamber strongly disapprove the suggestion that an enquiry into the banking problem should be deferred till the Royal Commission on Indian Currency or the forthcoming Royal Commission on Agriculture have completed their labours. The primary subjects of investigation to be carried out by these Commissions are entirely different and they might at best touch a fringe of the issues which are likely to be raised by the proposed Commission to investigate banking problem. Besides, a problem like the note issue which is being examined by the Currency Commission with a view to find out whether, and if so, on what conditions the note issue is to be handed over to the Imperial Bank can be settled in a definite and final manner only when such defects as exist in the present constitution of the Imperial Bank have been removed. Once the Imperial Bank has been placed on a satisfactory footing and on a basis acceptable to public opinion and useful for the purpose for which it is intended, there will be time enough to consider if and how the note issue is to be managed by it. The present attitude of the Government may well be described as putting the cart before the horse. In the same way no definite recommendations regarding co-operative banks, land mortgage banks and agricultural banks which the Agricultural Commission can make will have any meaning or significance until and unless the main banking problem of the country has been understood and a solution found. The general outline has to be fixed up before details can or need be filled in. For these reasons, and for the additional but emphatic reason that the country is passing through terrible upheaval and industrial stagnation which requires urgent and immediate relief through a well developed system of banking amenities, the Committee urge the appointment at the earliest possible moment of a Royal Banking Commission and trust that in regard to the *personnel* of such a Commission, the Government will see to it that there is a majority of Indian Members under the Chairmanship of an Indian business man.

(Acknowledge.)

Serial No. 8.—LETTER FROM G. P. HOGG, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF BENGAL, NO. 4 T.A.F., DATED THE 16TH APRIL, 1926.

I am directed to submit herewith for the information of the Government of India an extract from the proceedings of a meeting of the Advisory Board of Industries, Bengal, held on 5th January, 1926 on the subject of a recommendation made by the External Capital Committee, 1925, to the effect that a comprehensive co-ordinate survey of the whole field of banking should be undertaken at the earliest opportunity.

Proceedings of the 9th meeting of the Advisory Board of Industries, Bengal, held at No. 40/1-A., Free School Street, Calcutta, at 11 a. m. on Tuesday the 5th January, 1926.

PRESENT :

Dr. D. B. Meek, M.A., D.Sc., O.B.E., Director of Industries, Bengal, *Chairman*.
The Hon'ble Sir William Currie, Kt., M.L.A.

D. P. Khaitan, Esq., M.L.C.

P. N. Banerji, Esq.

Rai Jamini Mohon Mitra Bahadur, *Registrar of Co-operative Societies*, Bengal.

A. T. Weston, Esq., M.Sc., M.I.C.E., M.I.E., (Ind.), Deputy Director of Industries, Bengal, *Secretary*.

5. Mr. Khaitan moved that the Board should urge for early action on the recommendation of the External Capital Committee to the effect that a comprehensive co-ordinated survey of the whole field of banking should be undertaken. The Board attached great importance to this recommendation and desired that Government should be pressed to take early steps in the matter.

Serial No. 9.—LETTER FROM THE MANAGING GOVERNORS OF THE IMPERIAL BANK OF INDIA, No. 1432, DATED THE 27TH APRIL 1926.

In reply to your letter No. D-5121-F. of the 22nd December last we have the honour to advise you as follows :—

1. Extension of Banking Facilities in India.

(a) *The desirability and possibility of a further extension of Branches of the Imperial Bank of India.*—During the past five years the possibilities of practically every place of any size or importance in India and Burma have been explored with a view to establishing a Branch of the Bank in such place : and to complete the tale of 100 New Branches we have had to open in a number of towns where the prospects of the Branch ever paying its way are remote. It is doubtful if it will be possible, in the near future, to increase the number of such branches to any appreciable extent and any extension for the present must therefore come through an increase in the number of Pay Offices and Outstations : such Offices can be run at a small cost as there are no Currency Chests, with their large cash balances, to be responsible for and a less expensive staff can be employed. The working of these Pay Offices and Outstations will furnish us with valuable data upon which to work when the time for a further advance in Branch development arises.

(b) *The desirability of avoiding undue Competition with existing Joint Stock Banks.*—There are now very few places where a Joint Stock Bank is established and the Imperial Bank of India is not represented : our development has therefore undoubtedly restricted the immediate field of development open to joint stock Banks. This is a matter for regret but the withdrawal of the banking facilities now provided by us with no certainty of Joint Stock, banking development on a more rapid scale than has occurred in the past, would be even more regrettable. The result of our opening Branches at places where Joint Stock Banks were already established has generally been an all-round drop in rates to a more reasonable level and to that extent the Joint Stock Banks have suffered by our competition but it is not, nor ever has been, the Bank's policy to drive out such Banks by reducing rates below a fair and reasonable level. The Joint Stock Banks are free from the restrictions which the Imperial Bank of India Act puts on the business the Bank can undertake and this, in itself, is of considerable advantage to them when competing with us for business.

(c) *Transfer of Funds.*—Towards the end of 1924 the charge to Banks for the transfer of funds wherever there is a headquarters treasury was fixed at 1/32 per cent. The total transfers taken by Banks for the years 1923 to 1925 inclusive were as follows :—

	Rs.
1923	26.40 lacs.
1924	31.42 "
1925	62.00 "

from these figures it is clear that the arrangement has greatly facilitated the transfer of funds by banks.

We have no suggestions to make for improvement of the system of remittance through supply bills, etc., the present arrangement under which the Bank issues telegraphic transfers and demand drafts at low rates, coupled with the Government supply bill system and the ordinary bazar demand hundi, would appear to fill the Country's requirements for remittance facilities and we are not aware of any pronounced demand for improvements in such facilities as are available.

(d) *The possibility of Co-ordination with the indigenous Banking System of the Country.*—The indigenous banking system of the Country is carried on by the Shroffs, Sowcars and Chettians and, from the Western point of view, is more in the nature of

money-lending than banking. The mainstay of Western Banking, the current account with cheques freely drawn thereon, is almost entirely absent and although deposits are taken the proportion they bear to the firm's total assets are usually small as compared with those of a Bank working on Western lines. At present our relations with the indigenous Banker are confined to granting facilities for remittance and financing him by discounting or rediscounting his bills and granting him advances in other ways. The business we carry on with these indigenous Bankers and Money-Lenders is very considerable and it is a business which it is our policy to encourage and develop.

2. Clearing Houses.

(a) *The creation of new Clearing Houses.*—The Bank is desirous of encouraging wherever possible the establishment of Clearing Houses and this question is one which we have constantly before us.

Clearing Houses are established in Calcutta, Bombay, Madras, Rangoon, Cawnpore, Delhi, Lahore, Simla, Karachi, Colombo and Ahmedabad and we have in view the establishment of Clearing Houses at Amritsar, Rawalpindi and Peshawar as soon as the volume of business at these places will justify this step being taken.

A Clearing House is an arrangement between Banks for mutual convenience in dealing with cheques and other negotiable instruments and the advantages to every Member of a Clearing House are so considerable that it may be accepted that wherever local conditions make it desirable and possible a Clearing House is already in existence.

It may therefore be granted that Clearing Houses are established more or less automatically whenever the volume of cheques dealt with assumes proportions which justify their formations but it must not be forgotten in this connection that Clearing Houses are brought into existence as the *result* of the growth of the banking habit and the use by the Public of Cheques and that they do not in themselves foster the Banking habit nor does their establishment tend to increase the number of cheques used by the Public.

At many places where no Clearing House is established a system of Clearing exists by means of cheques on the Imperial Bank being given in place of actual cash in payment of the balance due between Banks established in the place.

(b) *The possibility of extending the privilege of the Clearing House to Private Banks of suitable status.*—By "private" Banks any concern doing Banking business other than the Imperial Bank is presumably meant. So far as the Joint Stock Banks are concerned it may be said that every Bank of Suitable status is already a Member of any Clearing House established at the place at which it transacts business. Membership of a Clearing House has always been regarded amongst Banks as a very valued privilege and has almost invariably been restricted to Banking Houses of the highest integrity and financial standing: because the Members of the House exchange their holdings for settlement at a future time and if any Member were to default before settlement the other Members would stand to lose their differences but in their own interests Members desire that all eligible Banks of the proper standing should join the Clearing House. As regards shroffee firms and business houses doing a Banking business it is the fact that the volume of the cheques which passes through their hands does not justify a claim to join the Bankers' Clearing House: they are seldom drawn upon by cheque and rarely keep large enough cash balances to meet demands upon them with the promptness which is a prime essential in the Clearing House. Such parties may desire to belong to the Clearing House in order to enjoy the prestige such membership confers, but we would mention that there are many Banks of the highest standing in London who are not members of the Clearing House.

(d) *Facilities for Clearing cheques on private firms upcountry.*

The number of such cheques is almost negligible. If, as is usually the case, there is a Branch of the Imperial Bank or a Joint Stock Bank at the place on which they are drawn they are collected through such Bank: otherwise they are sent direct to the drawees who remit by their own cheque on a Clearing Bank or by cash.

(e) *Clearing of Cheques between the various Clearing Houses.*—Cheques drawn on towns at which Clearing Houses are established and paid in to Banks situated in other towns in which Clearing Houses are also established are not as a rule cleared through the Clearing House at the latter place but are sent direct to the receiving Bank's Office or Agents in the Towns at which they are payable and cleared by such Office or Agent: this is the most expeditious way of dealing with such cheques.

The transferability and Marketability of Government Securities.

(a) *Improved Legal Characteristics.*—The Chief legal characteristic of a Government Promissory Note which concerns the Public is that of endorsement: endorsements on Government Promissory Notes are governed by the Negotiable Instruments Act and therefore a forged endorsement conveys no title to subsequent holders, though they may be holders in good faith and for value. This characteristic must obviously operate as a check on the ready marketability of Government Promissory Notes but at the same time it affords a considerable measure of protection to holders against loss through theft. If investors want absolute security from theft they can hold their investments in the form of Stock Certificates or if they require ready marketability they can hold them in the form of Bearer Bonds: the fact that both these forms are comparatively neglected goes to prove that what the investing public require is ready marketability so far as this is compatible with protection against loss: this the Government Promissory Note in its present form provides and we do not advocate any change therein.

There are, at present, restrictions on the form in which certain endorsements may be accepted by the Public Debt Offices; it is, of course, desirable to simplify the rules regulating endorsements, as laid down in Chapter V of the Government Securities Manual, so far as this can safely be done and as there appears to be scope for further improvement in this direction we propose to take the matter up with the Controller of the Currency in due course.

(b) *Improving the Machinery for the transfer of Securities from one Public Debt Office to another.*—There appears to be room for improvement in this matter also and the Superintendents of the Public Debt Offices are being instructed to submit proposals, which will be duly discussed with the Controller of the Currency.

(c) *Establishment of New Public Debt Offices.*—The establishment of additional Public Debt Offices is, in our opinion, desirable from many points of view: business in Government paper of all sorts would be facilitated and work in the existing Public Debt Offices decentralized. We consider that there should be one each in Rangoon, Karachi, the Punjab and the United Provinces or, as a compromise, a Public Debt Office in Delhi, working in conjunction with the Deputy Controller of the Currency, Northern India, to serve both the latter Provinces. Any New Public Debt Office opened should not have full powers from the beginning, but its initial duties should be confined to the following business:—

1. Payment of Interest.
2. Enfacement and re-enfacement.
3. Renewal, sub-division and consolidation of Government Paper.
4. Management of Provincial Loans; it is distinctly anomalous that the Public Debt Office for the Punjab and United Provinces Governments should be in Calcutta.

The above business meets most of the Public requirements; issue of Stock certificates and New loan work might be given at a later date. The opening of new Public Debt Offices on the above lines would not, we understand, necessitate any modification in the present system of accounts.

(d) *Establishment of New Stock Exchanges.*—The only two important Stock Exchanges in India are Bombay and Calcutta and business flows to these two markets even from centres which have exchanges of their own; in fact experience shows that it is easier to deal in good Rangoon and Madras securities in Bombay and Calcutta than it is in their local markets.

Operators go where they are most likely to find what they want and will continue to do so until the natural growth of their local exchanges provides them with an active market at their door. As the investment habit grows it will become possible to establish new exchanges and it will be our policy to give their creation every encouragement but we are unable to suggest any centre at which an exchange could with any prospects of success be established at present. We understand that a recent attempt to create a stock exchange at Lahore was a failure.

(e) *Improving the Popularity of Government Loans.*—A factor which adversely affects the popularity of Government Loans upcountry is the difficulty and delay in obtaining payment of interest at Government Treasuries and we are of opinion that the Bank's Branches would do the business much more efficiently and with great benefit to holders and a corresponding increase in the popularity of the paper.

We have also in view a step which should tend to popularize upcountry Government Loans as investments; at present purchase and sale orders have to be sent to one or other of the Local Head Offices for disposal but we now propose to keep a stock of clean paper at some of our larger branches and to authorise the respective Agents to deal in Government Securities to a limited extent.

The Development of Investment through such Agencies as Savings Bank and Post Office Cash Certificates.—In this connection we are of opinion that the existing facilities are sufficient and we have no suggestion to make regarding their improvement.

Banking Education in India.—The formation of an Indian Institute of Bankers is at present under consideration and Sir Norcot Warren is taking advantage of his visit to England with the Royal Commission on Indian Finance and Currency to discuss certain matters with the authorities of the English institute. One of the avowed objects of the new Institute will be the spread of banking education amongst its Members. We are ourselves providing education in practical banking under our scheme for training Probationary Assistants with a view to their eventually qualifying for the higher appointments in the Bank.

The Development of the use of Negotiable Instruments.—This is a matter which requires serious consideration and on which we will address you separately at a later date.

Serial No. 10.—LETTER FROM M. C. McALPIN, ESQ., C.I.E., I.C.S., OFFG. SECRETARY TO THE GOVERNMENT OF BENGAL. FINANCE DEPARTMENT, No. 343-T. F., DATED THE 15TH MAY 1926.

SUBJECT:—Survey of the field of banking in India and measures for its development.

I am directed to refer to Mr. McWatters' letter No. D-5121-F., dated the 22nd December 1925, on the above subject and in reply to make the following observations:—

2. The Governor in Council is of opinion that the survey of the field of banking should be conducted on the ordinary lines where the object is to acquire information, that is, by the appointment of an All-India Special Office with the necessary assistants, the formulation of a questionnaire in the shape of an exhaustive list of questions, and the collection and collation of the replies to this questionnaire by the Special Officer and his assistants. They would probably deal direct with the exchange banks, etc. This Government, however, would be prepared to render as much assistance to the Government of India as possible in the way of requesting officers of the Co-operative Department, District Collectors as far as they are concerned technical questions with which they are not concerned might be starred. University professors, private individuals interested, etc., to supply replies to the questionnaire and generally to help in the enquiry. It is presumed, however, that the assembling of the results would be done by the All-India staff.

3. The Governor in Council deems it expedient to lay down the condition that no inquisitorial enquiries should be made where such would be expected to be unwelcome. Also the Government of India may consider it necessary to ask the Income-tax Department to supply them with information on the subject. In that case no enquiry should be directly made by the officers of that department as it may give rise to the impression that such enquiries are being made with the intention of assessment of income-tax.

4. As regards the information asked for by the Government of India, I am to forward a copy of a note recorded by the Registrar, Co-operative Societies, Bengal, on this subject and to ~~suggest~~ that the following particular points should be enquired into—

- (1) the methods now employed for exchange of funds;
- (2) the extent to which money flows from the European market to the native market and *vice-versa* and how far one is dependent on the other for the supply of funds; and
- (3) to what extent the money utilised in agriculture goes to assist trade and commerce and *vice-versa*, and how far it will be possible to establish direct relationship between the financing of trade and commerce and the financing of agriculture.

5. Lastly, I am to say that this Government have no comments to offer at present on the question whether the subsequent procedure for carrying out the recommendations of the External Capital Committee should be conducted through the medium of a Committee or Committees to deal with special problems. It should, in the opinion of this Government, be left open pending the results of the survey.

Indigenous banking in Bengal is carried on by Bhatias, Marwaris, Chetis and Bengalee family firms, such as Hatkhola Dutt and Bhagyakul Zamindars. In Bengal the business of Bhatias and Chetis is confined to Calcutta and they seldom have branches in mofussil stations. The Marwaris on the other hand have branches in mofussil and independent Marwaris without head office in Calcutta have often settled down at distributing centres in the mofussil.

2. Capital of these bankers is derived from private funds, borrowings in the shape of short loans by hundis either from another banker or from a joint stock bank. The indigenous bankers of Calcutta do not as a rule accept deposits from the public, though they, particularly the Marwari bankers, accept deposits from members of their own community. Their confrères in the mofussil do very often accept deposits from the public and issue deposit passbooks and cheques. The ordinary Marwaris, Bhatias and Chetis do not like to deposit their surplus funds in the Imperial and Exchange Banks. In fact they prefer to deposit amongst themselves instead of making use of the Imperial and Exchange Banks for depositing their surplus, as these banks very often make trouble with regard to signatures in Indian scripts.

Besides banking the indigenous bankers carry on other business, such as trade and commission business. In rural areas they are often the purchasers of rural produce, the local Agents of Mercantile Firms and the village shop-keepers. They often advance money against standing crops so as to be able to secure the crops when they are ready for the market. Most of their lendings to agriculturists are against standing crops.

4. The instrument of credit to persons other than agriculturists is the *Hundi*. *Hundis* have been in use from time immemorial for the purpose of exchanging funds from place to place. These are payable either at sight or after a stated number of days. They change hands like bills of exchange and are very rarely dishonoured. The rate of discount charged is determined by the state of the trade and the standing of the party. The bankers earn handsome profits by issuing and discounting hundis. They also used to give upon places outside India even drafts or letters of credits which were drawn after letters of advice were given so that there was no risk of their being dishonoured. The total number of hundis drawn and the amount covered by them depend on the volume of internal trade. Marwaris are also taking now to other means of remittance, as for instance, transmission of cut notes separately by post, postal money orders, currency transfer and bank drafts. In many places indigenous bankers actually send cash through agents by the ordinary method of conveyance on account of absence of exchange facilities and in the case of less advanced people both owing to prejudice against the use of facilities offered by the Imperial Bank and Government Treasury and also with a view to saving commission. The indigenous banker plays a very important part in financing to a great extent the growth, movement and storage of crops required for local consumption and for the purpose of export. Another form of credit is advances on "Poorjas" or books in which the payee acknowledges the receipt of the money advanced to him. These books remain with the bankers and all repayments are also noted therein. These transactions, however, represent only a small fraction of the business which is done by these bankers.

5. Some of the prominent indigenous bankers in Calcutta are known as Shroffs. The Shroff acts as a connecting link between the Imperial Bank and Joint Stock Banks on the one hand and the trading community on the other. He pays cash down and takes over the traders' bills on which however he charges discount at a high rate and then discounts them at a somewhat lower rate with the big banks, when necessary, for the purpose of replenishing his funds. The difference between these rates constitutes the profit of the indigenous banker and as his signature is important and necessary his endorsement has to be paid for. The Imperial Bank does not discount a bill of exchange unless it contains two endorsements.

6. The indigenous bankers at most important centres combine for the purpose of protecting their mutual interests into associations or guilds which decide not only financial claims but also social quarrels.

7. As indigenous bankers aratdars or proprietors of godowns form a class by themselves and as suppliers of cash they perform sometime a very useful function. Dealers in agriculture produce stock their goods in their godowns and besides aratdari charges they realize commission on sales effected through them. As soon as goods are stocked they often pay a certain percentage of the value of

goods. They often advance to their well known clients money to purchase goods. In some cases aratdars charge interest on money advanced but in other cases no interest is charged.

8. There is no system of advances against goods stored in godowns and the control of sales id^g godowns by bankers.

9. There are also loan offices which are registered under the Joint Stock Companies Act. They try to adopt western method of banking, but their business is solely confined to accepting deposits and giving out loans against securities of properties or moveables such as jewelleryes, etc. They do attract a lot of deposits and issue deposit pass-books. These banks are very often unsound as they very often utilise their short term deposits in long-term investments. Some special regulation is very necessary for these banks.

10. There then is a village money-lender. Village money-lenders come under two classes :—(1) Substantial men of the village who lend out their surplus funds to their neighbours. (b) Professional money-lenders who lend out to villagers often combine some trade with commission business. They depend on their own funds for their business but for the purchase of crops and carrying on trade they often draw funds from other big firms with whom they have business relations in respect of their trade. Professional money lenders also often obtain funds from people who keep the money with them for safe custody which they often utilise in their own businesses depending on the turn-over of their business for repayment. They often give nothing in writing to such depositors, but they very often enter the amount in their books in their presence.

Serial No. 11.—LETTER FROM A. H. W. BENTINCK, Esq., I.C.S., OFFG. CHIEF SECRETARY, TO THE GOVERNMENT OF ASSAM, No. 4268-F., DATED THE 24TH JUNE, 1926.

I am directed to refer to the Government of India, Finance Department letter No. D-5121-F., dated the 22nd December, 1925, and to say that Assam is particularly backward in the matter of banking facilities on western lines. Prior to the recent establishment of the branches of the Imperial Bank at Dibrugarh and Shillong western banking methods were practised only by two or three firms which were primarily trading concerns but which in addition afforded banking facilities to their customers. This state of affairs is no doubt due to the absence in Assam both of large towns and of important industries other than those financed in Calcutta.

2. The enclosed letters from the Registrar of Joint Stock Companies and the Registrar of Co-operative Societies give such information as is available regarding the banking arrangements of the province, and the Governor in Council finds it difficult to offer suggestions as to the best manner of making a further survey of the existing position or advice as to the procedure to be followed subsequently to give effect to the recommendations of the External Capital Committee. He is however inclined to doubt whether the Committee's conclusion IV that India possesses a vast store of dormant capital awaiting development, is altogether correct in its application to Assam, and whether if it were so the provision of additional banking facilities would be the only or the readiest way of making this capital available for investment. There are few wealthy persons in Assam as the Registrar of Co-operative Societies shows, well-to-do people have already acquired the habit of investing in Government securities and in substantial Joint Stock concerns, while Co-operative Banks and Societies are being taken advantage of to a considerable extent. For the diversion of capital to more speculative ventures connected with the development of the resources of the province it is a spirit of enterprise and confidence which is primarily required, and it seems probable that increased banking facilities will be found rather ancillary to such enterprises than productive of them. Further experience of the recently opened branches of the Imperial Bank will doubtless afford a useful indication of the manner in which modern banking methods can best be extended in Assam but they have not yet been established long enough to enable any confident conclusion to be drawn from their working.

LETTER FROM W. L. SCOTT, Esq., I.C.S., REGISTRAR OF JOINT STOCK COMPANIES, ASSAM, TO THE SECOND SECRETARY TO THE GOVERNMENT OF ASSAM, No. 63-J.S., DATED THE 5TH MAY 1926.

In reply to Mr. Mullan's No. 1114-15-F., of 25th February, 1926, regarding the report of the External Capital Committee, I have the honour to state that very

little is known to me about the indigenous banking system of the country or of the other matters touched on in the report. A report made by the Income Tax Officer, Dibrugarh, who probably knows more of the workings of the bazaar financier than any one else in the province, suggests that the ordinary development of indigenous banking has been somewhat diverted in this Province by the preponderating financial interests of the Tea Industry. As a result, the vernacular, *handi* system has not attained any great degree of development, the principal negotiable instruments in use being cheques and demands drafts drawn by Garden Managers on their Calcutta Agents. These are normally discounted at from 9 to 12 annas per cent., but in Dibrugarh the Imperial Bank now discounts at 2½ annas per cent. In spite of this the Marwari still does a fair amount of business at about 7 annas per cent., by accepting the risk of transferring the cash to the garden.

2. It is well-known that many Indian firms, commercial and industrial, carry on a large business in receipt of deposits from private individuals: how large that business is is occasionally brought to notice by a bankruptcy. The danger of this method of business is mentioned in paragraph 7 of Sir Basil Blackett's speech; the contraction of credit following on the outbreak of the war necessitated in New Zealand emergency legislation to prevent the breakdown of half the large firms in the country from the withdrawal of deposits. It appears therefore that there is both scope and necessity for an enquiry into indigenous banking systems and the Income-Tax Officer, Dibrugarh, suggests that it would probably be best to have local Provincial Committees working under the direction of a central expert committee.

3. There are in this Province and no doubt to a greater extent in other Provinces, various Indian Companies of a perfectly sound position, whose shares are not dealt in in the open market. The result of this is that an investor in such Companies has no easy method of realising his investments, and the fact must be a hindrance to investment. Education of the Indian managements of such companies in the advantages of encouraging and providing facilities for free dealings in the shares of their concerns would seem to be a necessary step in any advance towards an increase of Indian money in investments.

I have no opinion to offer on the more technical aspects of the case.

LETTER FROM RAI BAHADUR K. L. BARUA, B.L., F.R.E.S., REGISTRAR OF CO-OPERATIVE SOCIETIES, ASSAM, TO THE CHIEF SECRETARY TO THE GOVERNMENT OF ASSAM, No. 1378-C. S./C.I.-66, DATED THE 1ST APRIL, 1926.

With reference to Mr. Mullan's letter No. 1114-15-F., dated the 25th February, 1926, asking for my views on the subject of the Indian banking and monetary progress, I have the honour to say that investments of large amounts in Postal Savings Banks, Postal Cash Certificates and deposits in Co-operative Banks prove that there is a good amount of local Capital which can be drawn. All these investments represent savings of either poor people or middle class people and not of what may be called the richer folk who generally invest in Government securities and in large Joint Stocks concerns which are considered safe. In Assam the Co-operative Banks have, during the last few years, drawn several lakhs of rupees as deposits within the province. Indeed money has been coming into our Central Banks to an extent not anticipated before and all this money has come very largely from middle class people with fixed incomes living in towns. The rural societies have also drawn some money locally but it is not my opinion that in Assam much money is hoarded in bullion in the shape of ornaments. The villagers have few ornaments and these will always be required. In my opinion coins are hoarded in Assam either by concealing them underground in earthen pots or in some other safe places and ways. If Co-operative Banks thrive and gain confidence, as they are doing now, I believe much of this hoarded money will come to them. The Postal Savings Banks and Cash Certificates are seldom availed of by the bulk of the illiterate people in the villages. To use these institutions a certain degree of literacy and boldness is required.

2. Credit facilities in the villages are largely given by village money lenders and traders like Marwaris. The Co-operative Societies have so far been able to take up only a fraction of this work. There is hardly a peasant who does not require credit facilities for his industry in agriculture. Besides the actual producers of agricultural crops there are also a large number of petty local traders who distribute the produce with finance and credit facilities provided by bigger

traders such as the Marwaris. All Marwaris do not deal directly with the agriculturists. The local petty traders are generally the middle-men between the cultivators and the Marwaris. The latter advance against commodities such as mustard, jute, paddy, etc. As far as I am aware negotiable instruments like hundis do not, as a rule, come into operations in such business with local petty traders though they are very commonly used in dealings between Marwaris themselves.

3. The absence of Joint Stock Banks in Assam to finance and facilitate trade is no doubt a handicap. The Marwaris have to do business under the various disadvantages. Sometimes they have to carry large sums in cash from place to place. I have seen Marwaris travel first class in Railway trains with large cash with them for the sake of safety. Unless, up-to-date banking concerns come into existence to discount trade bills, dealings must always be done by cash and paper cannot be used. This is a great handicap to the growth of trade and commerce. All the large country boats that come up the Brahmaputra every year, seemingly empty, to take down local produce, bring up large amounts in cash for purchase of the produce. Fortunately there are no river pirates in Assam and the Police are more efficient and vigilant. These antiquated methods still exist because there are no modern banking or trade remittance facilities in Assam.

4. Modern banking institutions are therefore wanted in Assam. The so-called small industrial banks and the various loan offices provide only mortgage credit. The large Exchange Banks have no branches in Assam so far only two branches of the Imperial Bank have been opened in Assam. Such branches at Gauhati, Jorhat, Silchar, and Sylhet appear to be necessary. Facilities for banking and commercial education should also be provided for young men of this province and such facilities may take the shape of scholarships tenable at institutions in other parts of India. Commercial education is not at present under my control.

5. With regard to the use of external capital in Assam it is well-known that the largest joint stock concerns, whether engaged in tea or minerals, are sterling companies the profits of which entirely go out of India. Much of their money spent in working expenses however remains in the country and it must be admitted that but for their enterprise the resources of the province would never have been developed to the extent that we see now. As for tea, many Indian Companies on rupee capital started by Europeans or Indians have now come into existence but the Companies dealing with minerals, viz., oil and coal, are still almost exclusively external in composition and capital. The other important industrial companies engaged in timber and oil seeds are nearly all of Indian origin.

6. In my opinion it would be well to collect information on the various points by a survey but to do this a special officer would be more useful than a Committee. A Committee may however be appointed later to sift the materials collected by special officers in various provinces and to submit detailed recommendations thereon.

7. The copy of the report of the External Capital Committee and of the speech delivered by the Hon'ble Finance Member of the Government of India are returned herewith.

Serial No. 12.—LETTER FROM THE SECRETARY, INDIAN CHAMBER OF COMMERCE, CALCUTTA, No. F-9/26, DATED THE 7TH JUNE, 1926.

The Government of India have it is understood under their consideration at the present moment proposals bearing on the improved transferrability and marketability of Government Securities and I am instructed by the Committee of the Indian Chamber of Commerce, Calcutta, to address you in this connection.

2. The three specific directions in which progress is being sought are understood to be as follows :—

- (1) Improvement in the legal characteristics of Government Securities.
- (2) Improvement in the machinery for the transfer of Securities from one local head office of the bank to another.
- (3) A modification in the system of accounts so as to admit the opening of new public debt offices.

3. The Committee of the Indian Chamber are generally in sympathy with these proposals of the Government of India. They recognise that all possible steps should

be taken to break the shyness of Indian capital. With a very large section of the public which has not developed an investing habit the Government Securities are the only form of investment which sometimes appeals to their economic sense. In the circumstances it is a plausible anticipation that the increased popularity of gilt-edged securities will stimulate generally investing habit of the Indian public. The danger however of an undue popularity of Government Securities jeopardising industrial finance must not be entirely forgotten. But such dangers are generally absent under normal conditions of trade and business. Moreover, if the demand for Government Securities tend to lower Government's present rates of borrowing, the commercial interests should have had no reason to complain of the increased popularity of Government Securities.

4. Turning now to the question of improving the legal characteristics of the Government Securities, the Committee are not precisely aware what definite defects the Government of India have in view but they would suggest that the stringency of the rules as regards endorsement of securities and the renewal of securities should be much more relaxed than at present. The stringency of the rules and the consequent harassment to which the holders of securities are often subjected have not been a small handicap in the popularity of Government securities. With regard to the facilities for the transfer of Government securities from one local head office to another the Committee are of opinion that what is really necessary to popularise the securities is not so much affording facilities for actual transfer of securities as for the actual transfer of remittances against securities from one local head office to another. To this point the Committee will presently return. They generally record their approval of the improved facilities suggested. In connection with the proposal of opening up more public debt offices, the Committee view it with every sympathy but they do not consider that unaccompanied by other measures the mere opening of offices will lead to increased turnover business in Government securities. Of the three public debt offices which exist at present, the Madras office, for instance, has not to handle much business. The explanation is that the mere presence of a public debt office does not stimulate business though the Committee are free to admit that other factors favouring increased popularity of Government Securities, the existence of a number of public debt offices up-country would be a valuable facility for transaction of business in such securities.

5. The Committee now turn to what they consider the most important proposal in connection with the aim at increased popularity of the Government Securities. In the first place the Committee suggest that the banks should make it a part of their settled policy to finance liberally transactions in Government Securities and secondly, they should make available remittance facilities from one local head office of the bank to another on the security of Government papers. The Banks are really interested in adopting such a policy. Many of them hold a large portfolio of Government papers and as such are interested in the maintenance of a healthy market for these securities. In regard to the remittance facilities against Government Securities it would be recognised that the banks themselves profit by accepting such business, inasmuch as they lend an exceptional liquidity to their resources. Even in the London money market, as far as the Committee are aware, the Banks depend for the maintenance of the liquidity of their assets, on the advances at call against stocks and shares. In India where the stock and share market is not equally developed the gilt-edged Government Securities offers the best channel through which banks can make remunerative investments maintaining at the same time liquidity of their resources. The Imperial Bank of India has large resources and can, if it so wishes, have these proposals accepted by the other banks on the sheer strength of its large advances to the other banks. The Committee feel that the initiative in this matter should be taken by the Imperial Bank. Being, as they are, the Bankers of the Government of India in respect of vast amounts for which they pay no interest, they owe a definite duty in popularising Government Securities among the investing public.

(Acknowledged.)

Serial No. 13.—LETTER FROM P. C. TALLENTS, ESQ., I.C.S., SECRETARY TO GOVERNMENT OF BIHAR AND ORISSA, FINANCE DEPARTMENT, No. 1445-F.R., DATED THE 10TH AUGUST 1926.

With reference to Mr. McWatters' letter No. D-5121-F., dated the 22nd December 1925, I am directed to say that the description of the indigenous system of banking given in paragraph '11 of the Hon'ble the Finance Member's address on the subject of Indian Banking and Monetary Progress is substantially correct as regards the conditions obtaining in Bihar and Orissa. Information collected from various

sources shows however that the following propositions, which supplement the information there given, can also be stated as generally true of this province :—

- (1) The greater part of the rural trade of the districts is conducted by peripatetic traders who borrow articles in kind from the bigger traders in the principal towns of the district who are usually Marwaris. It is the latter class that really finance the trade of the district.
- (2) The big traders who are the mainsprings of the trade of the districts are few in number.
- (3) These traders work on their own capital which they hold for the most part in the form of goods and coin. The ordinary Marwari does not usually keep a balance at the local bank, even if there is one. Nor does he operate on capital borrowed from the banks or elsewhere.
- (4) So far as extra-district transactions are concerned, at times of pressure, e.g., in the lac season in Ranchi and at the jute season in Purnea, large remittances are made through the Imperial Bank and the local treasury; but the ordinary day to day transactions are effected through *arhadsars*, who usually themselves or their relatives or persons with whom they are intimately associated, keep *arhats* both at local headquarters and at Calcutta between which good pass without formally changing hands.
- (5) The extent to which the treasury is used as the channel of monetary transactions with parties outside the district varies very greatly from district to district, and for no apparent reason.
- (6) Dhanbad, where there are three banks, is the only place where the ordinary business man keeps a bank account.
- (7) In other places there has been no marked change in recent years, in the system of financing trade.

2. The problem of mobilizing the dormant capital of the province and making it accessible for the purposes of trade and industry may be approached from two sides. On the one hand the dovetailing of the indigenous system of banking into the western system is a matter that could best be considered by an All-India Committee of experts. Such technical questions as the development of clearing-houses, the standardization of negotiable instruments, and banking education should be referred to this Committee. In the opinion of the local Government it will probably be found that the linking of the two systems could best be effected at the point where the trade passes beyond the district unit within which the informal personal relations of the indigenous system work satisfactorily. The banks which are conducted on western lines might therefore offer greater facilities for financing the trade between the great importing and exporting centres and the distributing and collecting centres in the districts. One step by which they could do much to popularise themselves for this purpose would be the abolition of the discounts charged on cheques. In other respects the local Government do not consider that experience of these matters in this province has been sufficient to justify any detailed recommendations.

3. The problem must also be approached from the point of view of the small investor. The dormant capital of India is spread over so vast a population and set over against it is so vast an accumulation of indebtedness, that it is likely to be many years before the small savings of the agricultural classes will be drawn in any effective volume into the main stream of credit. The obvious manner of diverting these accumulations to more profitable channels is co-operative banks, and great strides have already been made in this direction. There are already over 175,000 members of agricultural and over 20,000 members of non-agricultural societies in the province. The deposits in such societies amount to over Rs. 10 lakhs and there is every likelihood of steady development in this field. Whether other methods of encouraging the investment of small savings can be devised is a matter that could more suitably be considered with reference to provincial than to all-India conditions, and the local Government are prepared, should the Government of India so desire, to conduct further local enquiries and if necessary, to convene a committee for the purpose.

Serial No. 14.—LETTER FROM A. R. DALAL, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF BOMBAY, FINANCE DEPARTMENT, No. 4373-A., DATED CASTLE, THE 26TH AUGUST 1926.

With reference to your No. D-5121-F., dated 22nd December, 1925, I am directed to state as follows.

2. The Government of India desire to supplement their information on the various subjects connected with the development of banking and ask for the suggestions of this Government on the method of undertaking a survey of the whole field of banking. This Government called for the views of the various officials and non-officials interested in the subject. I am directed to forward copies of the replies of Sir Lalubhai Samaldas and Mr. B. F. Madon, who have dealt in detail with the various points involved.

3. Although there is a tendency in some quarters to question the existence of a large supply of dormant capital in India, the fact cannot be denied by anyone who studies the statistics of the import of precious metals into the country. The causes of this habit of hoarding the precious metals lie deep in the history and the religious and social customs of the people. It is asserted by some non-officials that this tendency is encouraged by the constant changes in the currency and exchange policy of the Government of India and the absence of gold in circulation. Mr. P. M. Dalal of Messrs Merwanjee and Sons is of opinion that when the gold standard is fully established in India, it will give a check to hoarding. All opinion, official as well as non-official, is unanimous that the only effective remedy for the hoarding habit lies in the widespread development of education in the country. The increase of facilities for banking must proceed side by side with it.

4. In considering this question of the improvement of banking facilities a distinction should be made between the short term money market, which is concerned in the financing of trade and commerce, and the long term or capital market, which is required for the financing of industry in which term agriculture, the primary industry of India, may be included. The Report of the External Capital Committee as well as Sir Basil Blackett's speech deal at great length with the problems of the short term loan market, but the question of the long term investment market is, if anything, of greater importance for the well-being of the country.

5. In the following paragraphs the question of extending the facilities of banking in the restricted sense, i.e., of the short term loan market, will first be dealt with.

6. *Deposits.*—The Post Master-General, Bombay, has made the following suggestions for the improvement of the facilities now afforded by the Post Office :—

- (i) Savings bank pass-books should be bi-lingual, one of the languages being English, and the other the principal vernacular of the part of the province in which the head office of issue is situated.
- (ii) Interest on Post Office 5-year Cash Certificates should be allowed to accrue after the first and each subsequent quarter instead of after the fourth as at present.
- (iii) The limit of the total amount of Cash Certificates in the case of joint holders, banks, co-operative societies and holders of public accounts may be raised from Rs. 10,000 to Rs. 20,000.

The first two suggestions have the concurrence of this Government. As for the Cash Certificates attention is invited to the remarks of Mr. B. F. Madon. He is of opinion that the inducement offered by the Government of India in the shape of a high rate of interest merely diverts capital from the indigenous banker, where it would be more useful, into the post offices, and that it does not draw out fresh savings which would otherwise remain uninvested. The fact that the absorption of gold and silver has not lessened during the last three or four years but is on the increase, lends some colour to this view. The question will have to be considered by the Government of India. Attention may also be invited to the proposal of Sir Lalubhai Samaldas, that the funds of the Savings Banks may be made available for the local money market and particularly for co-operative banks.

7. There is a consensus of opinion in favour of making out deposit receipts in the vernacular.

8. There is also a strong body of opinion in favour of making out cheques in the vernacular, and of the abolition of the stamp duty on cheques. Vernacular cheques are already in use by Co-operative Banks. As for the stamp duty on cheques, this Government has expressed its opinion on a separate reference from the Government of India. They are in favour of its abolition or reduction, provided the resulting loss of revenue to the provincial exchequer is made good by the Government of India.

9. As pointed out by Sir Basil Blackett, the most important requirement for the increase of deposit facilities is the formation of new banks. It is hoped that after the necessary interval of consolidation, it will be possible for the Imperial Bank

to form new branches. On the subject of the Imperial Bank, however, there is a certain division of opinion. There is a body of non-official Indian opinion which is inclined to the view that it fails to perform the proper functions of a State Bank, while its organization as a private capitalist bank enables it to compete unfairly with other joint-stock banks owing to the privileges and concessions it receives from the Government of India. This view is expressed in the following extract from the reply of the Indian Merchants' Chamber:—

"I am, however, directed to mention specifically one point, *viz.*, the very important place which the Imperial Bank of India occupies as the key-stone of the entire banking system of the country. As a regulator of the money rates in the country and as Government bankers as well, with extensive privileges in remittance, etc., the Imperial Bank is likely to play a very important part in any reforms which may come to be recommended by such a Committee. Under these circumstances it is desirable that the constitution of the Imperial Bank, which is at present unsatisfactory, should be brought in greater consonance with public demand. As a profit-earning private enterprise the utility of this institution is likely to be impaired by the jealousy of the tax-payer at any additional privileges being handed over to that body. While the Imperial Bank of India Act at present gives a certain amount of control to the Government of India, the Government of India are always able to plead that they have no voice in the internal administration of the Bank. This position is unsatisfactory. My Committee see no reason why the whole issue of the organization of the State Bank should not be revived and this purpose would probably be achieved by an outright nationalisation of the Imperial Bank or by a greater control exercised by the State, with some method of division of surplus profits. My Committee cannot approve of the displacement of the indigenous machinery for the handling of produce, whatever criticism there may be against this machinery, if displacement will place farmers and traders alike at the mercy of the Imperial Bank without the necessary alteration in the constitution of that Bank.

"My Committee would draw attention that the consideration of the proposal for a State Bank in India was an important item recommended for special examination by the Chamberlain Commission, of which Sir Basil Blackett, now Finance Member, was then Secretary. This issue has subsequently been shelved on account of the war and the aftermath thereof, but in view of more settled conditions and in view of the changes, which the recommendations of the Currency Commission might involve, the full bearing of the present position of the Imperial Bank in the banking system of the country must be carefully examined.

"My Committee trust that whatever action the Government propose to take in these directions will be prompt and that the proposed banking enquiry will precede the findings of the Agricultural Commission, whose work would be very incomplete without a careful expert examination of the method by which agricultural produce is financed at present."

The above was written before receipt of the report of the Currency Commission. The Commission has proposed the formation of a separate Central Bank, freeing the Imperial Bank from the existing restrictions and leaving it to develop commercial banking facilities as a great all-India Commercial Bank. There has been no time to consult public opinion on this proposal. Owing to its very important bearing on the future of banking in India it will require the most careful consideration.

The view that the State Bank should concern itself primarily with the rediscount business was strongly urged in the memorandum prepared by Mr. Keynes, and Sir Ernest Cable which was submitted to the Chamberlain Commission and was published as an annexure to their Report. It has been endorsed by the Hilton Young Commission.

The re-discounting by the State Bank of bills of indigenous bankers and of bills which come through co-operative banks and joint-stock banks so as to develop the re-discount market is a very important step in the development of Indian banking and should be investigated in the course of the proposed survey of banking in India.

10. As for joint-stock banks on the European model, the field for them is limited in India owing to the illiteracy and backwardness of the people. They have, however, by no means approached the limit of their utility, and there is room for them in the

more important urban areas, provided they modify some of their methods and make use of the vernacular in their transactions particularly in respect of cheques, pass books, and deposit receipts.

11. This brings us to the cognate question of indigenous banking. Opinion is almost unanimously in favour of 'topping in' the indigenous banker and making him a part of a great national banking system starting with the village money-lender and ending with the State Bank. This Government agree with this view though the practical steps to be taken for this object present numerous and formidable difficulties. This question must be carefully examined in the course of the survey. Conditions differ in different localities, and the examination will have to take into consideration the circumstances of the different localities.

12. An equally important problem is that of co-operative banks. In the opinion of a number of people the future of banking development in the country lies with the co-operative banks. Attention is invited to the views of Sir Lalubhai Samaldas on this subject. He proposes among other things the issue of Remittance Transfer Receipts on sub-treasuries, the remission of the stamp duty on cheques and the use, under restrictions, of the surplus balances of local sub-treasuries by approved co-operative banks. As stated before, he desires the use of the savings-bank funds collected by post offices in the localities and of the establishment of an organic relation between the co-operative bank and the Imperial Bank. The Registrar of Co-operative Societies supports most of these proposals. He would also absorb the indigenous banker into the co-operative movement, but does not elaborate any practical scheme by means of which such a thing could be done.

13. *Banking Education.*—Opinion is unanimously in favour of the views of Sir Basil Blackett on this subject and of his suggestion for the formation of an All-India Institute of Bankers to control such banking education. The formation of an All-India Institute of Chartered Accountants is also unanimously approved.

14. The majority of the opinions received are not in favour of Government control of banks as tending to relax the sense of responsibility of the banks themselves and throwing the odium of failure or mismanagement on the Government. The Bombay Chamber of Commerce is, however, of the contrary opinion. It says 'My Committee agree to the close inspection and audit by Government not only of joint-stock banks but also of private banks. Audit by Government should only be undertaken if desired by the banks themselves'. This Government is on the whole in favour of indirect and non-official control, e.g., by the Imperial Bank or the Clearing House or the proposed Institute of Chartered Accountants. They consider however that there is no objection to audit by Government of any bank if desired by the bank itself.

15. *Remittance Facilities.*—It is generally agreed that remittance facilities in India are satisfactory. The question of extending the facilities to co-operative banks has already been dealt with. Mr. Madon advocates the introduction of the Post Office cheque system and the Giro system. The question of the applicability of these systems to a backward country like India will require examination. This Government endorses the suggestion of Sir Lalubhai Samaldas that greater publicity should be given to the facilities already provided.

16. *Clearing Houses.*—It is generally agreed that it would be desirable if more facilities could be given for the clearing of cheques of private firms up-country and the privileges of clearing houses extended to registered private banks of suitable status as well as to joint stock banks. The question of admitting such banks to the clearing house must, of course, rest with the other members of the clearing house concerned.

17. *Negotiable Instruments.*—Measures to extend the use of negotiable instruments in India are very desirable if the seasonal strain on the currency with its effect on the bank rate is to be relieved. The instrument mostly in use in India, viz., the hundi, is, however, more in the nature of a finance bill than of a commercial bill. As regards the latter the Bombay Chamber of Commerce remarks as follows:—'My Committee suggest that if a railway receipt were made a negotiable instrument, the produce of agriculture and industries could be financed to a greater extent than is the case to-day. A few years ago Bengal cotton was tenderable in Bombay by railway receipt and the railway receipt was in all but name a negotiable instrument. Even to-day in most classes of produce advances are made against railway receipts. If they were made negotiable instruments by law further credit would certainly be given.' Mr. Madon's proposal for the creation of real trade bills has been referred to by Sir Basil Blackett. He has dealt with the same point in his reply of which a copy is attached. The question will require investigation in the course of the projected banking survey. In America the produce markets, and the Elevator give receipts for goods deposited with them. These receipts are used as negotiable instruments by the agriculturists. In India the produce markets are not very well developed, yet

wherever they are in existence they should give warehousing facilities. The receipts of these may be used as negotiable instruments and would serve as good commercial bills.

18. The majority of the replies received by this Government are in favour of Sir Basil Blackett's proposal for the standardization of the Bill of Exchange. The Chamber of Commerce strongly favours the suggestion but Mr. Madon is of a different view.

19. We may now turn to the question of the capital or long term market for the financing of industry. Industrial banking is in an advanced state in Germany and Japan. Even in England the problem of financing industry is more or less unorganised. In this country no attempt at industrial banking has been made, if we except the unfortunate instance of the Tata Industrial Bank. Company promotion is left in the hands of individuals and is entirely unorganised. Germany has evolved a type of bank the object of which is the organised promotion of industry. Those banks do not keep short term deposits. The capital is mostly used for being lent out to industries, and the liabilities are such that a high percentage of liquid resources is not essential. The banks have got specialised staffs for examining proposals for the promotion of new industries. The shares are issued and placed on the market by the bank and are taken up by the public which has confidence in the bank. The bank has an expert agency for carrying out the specialised work of promotion. Its success depends on its efficiency in promoting the right type of industrial ventures. This Government is of opinion that the question of industrial banking should also be examined in the course of the general survey.

20. As regards agricultural credit, the Registrar has remarked that the co-operative movement in this Presidency has now sufficient funds to meet the current needs of its members for agricultural purposes. But the movement cannot provide funds for long term loans. A proposal has just been received from the Registrar for the starting of Land Mortgage Banks for the raising of such capital. The capital is to be raised principally by means of debentures secured on the first mortgages of land. It is proposed that Government should help by guaranteeing the interest, by providing expert valuers to value the property mortgaged and by asking the Imperial Bank to assist in the flotation of debentures, and to make advances under section 20 of the Trust Act against mortgages taken by the Mortgage Bank. The scheme is under the consideration of this Government.

21. *Facilities for Investment.*—In connection with the purchase and sale of Government securities through the Post Office, the Post Master-General, Bombay, has made a suggestion that the annual and maximum limit of investment through the Post Office, which stand at Rs. 5,000 and Rs. 22,500 at present, may be substantially raised. This Government agree with the suggestion.

22. The opening of fresh centres of the Public Debt Office, increasing the transferability and marketability of Government securities and an increase in the number of stock exchanges would also be steps in the right direction. Some Government securities have recently been placed for forward dealings on the Bombay Stock Exchange. This would widen the market for such securities, but steps have to be taken to guard against abuses in the shape of overtrading and speculation. Government have already taken power to do this by means of legislation, and the Rules under the Bombay Securities Contracts Control Act are now under the consideration of Government. It is true that Stock Exchanges increase the facilities, for the marketability of stocks and shares, but a badly managed stock exchange which is liable to constant panics and crisis would tend to destroy rather than increase the confidence of the public in industrial investments. While leaving stock exchanges to develop in a natural way Government have to be on their guard against unhealthy developments such as those that manifested themselves on the Bombay Stock Exchange and to resort to legislation, if necessary, in order to check them.

23. Among the means of encouraging the investment habit the possibility of the formation of investment corporations and trusts on the lines of those in England may be investigated.

24. The Government of India desire to obtain the views of this Government on the question of the best method of surveying the whole field of banking in India. One of the most comprehensive enquiries into the general problem of banking, currency and finance ever undertaken was the enquiry carried out by the National Monetary Commission in the United States. The method followed by the Commission was to invite an expert to write a comprehensive monograph on his particular subject. After the reports of the various experts were submitted to the Commission and discussed in public the Commission took the oral evidence of bankers, businessmen and experts on the various points arising out of the monographs. The report which finally led

to the enactment of the Federal Reserve Act was written after these enquiries. Procedure on the above lines is suggested for the consideration of the Government of India. Among the most important subjects on which experts might be invited to write monographs the following suggest themselves :—

- (i) The constitution and functions of the Imperial Bank with special reference to its use for the creation of a re-discount market in India and as a balancing reservoir of the various indigenous and co-operative banking institutions.
- (ii) Indigenous banking and the possibility of its absorption into the general banking system of the country. As the circumstances of the different localities vary a good deal this subject will have to be considered on provincial rather than all-India lines.
- (iii) Industrial banking.
- (iv) Long term credit for the development of agriculture. This subject will presumably be considered by the Royal Commission on Agriculture. The enquiries to be undertaken by the Government and by the Royal Commission should be co-ordinated.
- (v) Negotiable Instruments and banking law. An all-India Committee may call for evidence, deal with the whole subject and make their proposals after the monographs by experts on the various subjects mentioned above and such others as may be referred to them have been received and discussed in public.

LETTER FROM LALUBHAI SAMALDAS, ESQ., C.I.E., BOMBAY, TO THE GOVERNMENT OF BOMBAY, DATED THE 8TH APRIL 1926.

I have the honour to acknowledge receipt of your letter No. 4373-D. of the 19th February 1926 calling for my views on that portion of the Report of the External Capital Committee which relates to the development of investment and credit facilities in this country. The most important of the Committee's recommendations is the undertaking of a co-ordinated survey of the whole field of banking in India. I believe that a survey of the type suggested is very necessary and may be conducted under the directions of the Government of India by a small committee consisting of a few Indian economists who have done research work in banking and some representatives of Indian Banks. After Government have before them the results of this survey as also replies to the references now made they will be in a better position to determine whether there is need for undertaking any further examination either of a general character or into special problems as is suggested by the External Capital Committee, though personally I feel that such an inquiry is necessary even now. In this connection, I have the honour to suggest that whenever such an inquiry is held, persons connected with the co-operative credit organisation should find adequate representation on that Committee, for in my opinion, the future of banking in India is mainly dependent on the extent to which we are able to develop co-operative credit in rural areas. The Imperial Bank, with its one hundred branches, as per its programme can provide banking facilities only in important mofussil centres of commerce and industry. It is doubtful whether that Bank will, in the near future, expand its programme so as to bring in minor trading centres and small bazar towns within the sphere of its activities. Even if that policy was adopted, the Bank cannot, I think, afford to incur the expense of organising business in such places for some years to come. It will take one generation more before the Imperial Bank is in a position to undertake the financing of the petty trader and the small agriculturist or to tap their savings through its deposit schemes. Joint Stock banks are able to do much less work in this direction and command few branches—except in the case of Punjab National Bank and in that of the Bank of Baroda—at important local centres of industry and commerce. Even if they willed otherwise, it would be difficult for them to undertake expenditure on the work of developing new areas. That gap will, necessarily, have to be filled by the development of indigenous private banks or by establishing co-operative banks, both rural and urban. While I do not object to granting all reasonable facilities to private capitalist banking firms to develop their business, I am strongly of opinion that the future of banking in India is indissolubly connected with the co-operative movement, provided co-operative banks are granted the requisite assistance and guidance and are less fettered by red-tape than they are to-day. It is these institutions which attract the savings of the small men for profitable employment locally, among their own kith and kin. Moreover, as the control of these banks will be in local hands and the profits in the business, if any, will either be distributed among local constituents or be used in local works of public utility, they will inspire greater confidence amongst investors.

I shall now reply to the various specific points on which my opinion is sought.

1. At the outset, I would like to repeat here what I said more than once in the Council of State, that to utilise the whole of the resources derived from the savings of persons of small means collected in postal savings banks or invested in postal cash certificates for meeting the requirements of the Central Government is not fair both to the investors and to the people of the locality who need financial facilities. I understand that both in Holland and Belgium, the State permits the funds of the Postal Savings Banks to be placed at the disposal of co-operative banks operating in rural areas, while in Germany, Australia, Italy and the United States of America, the savings banks have the free disposal of their funds within certain limits laid down by the law. The savings banks in these countries are, however, different from the banks we know of in India inasmuch as they are institutions managed or supervised and guaranteed by the communal district or urban, local authorities. Provided Government agree to set apart a certain portion, if not the whole, of the resources to be derived from postal savings banks and cash certificates for investment through co-operative agency in short-term agricultural loans on specially advantageous terms, I see no objection, under present conditions, in Government adopting any reasonable methods—short of competing with private banking organisation—to induce people to keep their surplus funds with the State. While recognising the fact that the postal cash certificates have succeeded to a certain extent in attracting the small investors' money, I fear that a Government organisation is not the best means to develop to the fullest extent the habits of thrift and savings of the rural population, I believe that the unlettered agriculturist, petty trader or artisan would prefer to deal with an agency which he knows and which knows him and which can dispense with troublesome formalities at the time of every withdrawal of money nor be bound down by hard and fast rules regarding the transfer of funds on death. The State, as such, cannot perhaps be expected to relax the rules and now that the pioneering work has been done by Government, it should content itself by popularizing the savings and deposits schemes started by co-operative banks which are in touch with the people. If this suggestion is not adopted, then I insist that a fixed percentage of the moneys received through the Postal Cash certificates should be placed at the disposal of the co-operative movement through the Provincial Banks. Undoubtedly, the introduction of vernacular pass books and forms will make these investments more popular, but I do not approve of the post offices accepting short term deposits. That would, in my opinion, be competing with joint stock and co-operative banks and would, besides, introduce a new principle in the financial machinery of the State.

Short-term deposits are accepted both by joint stock and co-operative banks; they are not yet as popular in co-operative banks as they should be. Co-operative banks issue deposit receipts in the vernaculars and there is no objection to joint stock banks doing likewise. The provision of facilities for purchase of Government securities and the opening of fresh Public Debt Offices may tend to increase the volume of short-term deposits as banks upcountry would like to have proper facilities for the investment of their temporary surpluses in securities and for the disposal of such securities when there is a call for funds. Such facilities would also serve to make current account business more remunerative than it is to-day owing to the need for maintenance of heavy cash balances. The loss of interest would be reduced if a portion could be invested with safety in securities and this is not possible unless, at a pinch, the securities can be sold at some convenient local centre. Another very great desideratum for popularizing current accounts is the remission of the Stamp Duty on cheques. Co-operative banks enjoyed this exemption, but it has now been withdrawn. The revenue that this duty brings in is inappreciable, looking to the great economic gain which would accrue from the development of business transacted through cheques. Such development is to a certain extent on account of the disinclination of the trading classes to use stamped cheque forms. No stamp duty on cheques is payable in America where we find the largest number of country banks. Most of the banking transactions in upcountry banks in India will be for small amounts and the incidence of the duty will, therefore, be comparatively higher than for banking transactions in richer countries or even in commercial cities like Bombay or Calcutta. It is argued by those who do not approve of the removal of the Stamp duty that any such step will encourage the issue of cheques for small denominations. It is difficult to say whether, in practice, the adoption of such a policy will lead to this result. If, however, it does so and leads to difficulties for the clearing house or for banks which do not wish to encourage this type of business, they have a ready remedy in putting a limit on the amount for which cheques can be accepted by them. Most banks, if not all, do impose such

a limit even now, and the figure will vary, being lower in places where banking is undeveloped.

Cheque forms are actually issued by co-operative banks in the vernacular with great advantage and I do not see any harm in this being permitted. Following the lead set by the Bombay Provincial Co-operative Bank, other co-operative banks in this Presidency allow the signatures of the drawers and the endorsements to be made in the different vernaculars and the cheques themselves are made out in the vernaculars. Although the Provincial Bank has to accept at its Head Office cheques drawn in Marathi, Gujrati and Kanarese, besides English, no practical difficulty has so far been experienced although the daily turnover is on an average 10 lakhs and the number of cheques presented daily is two hundred and the expenditure to be incurred for engaging clerks knowing different vernaculars will in no sense be prohibitive. From this experience of the Provincial Bank, I can say with confidence that the use of vernacular cheque forms will popularise banking business of all types. We have also found that the hundis issued by a Branch of the Provincial Bank on the Head Office is a more popular form of remittance than a demand draft issued in the standard English form.

I have said above that the co-operative agency possesses great advantages over all joint stock banks including the Imperial Bank as also over private bankers for carrying on the work of developing banking methods, provided, certain facilities were made available. I would like to mention the facilities referred to above. The most important of these is the issue of Remittance Transfer Receipts direct on Sub-Treasuries and the use, under restrictions and on stipulated conditions, of the surplus balances of local sub-treasuries by approved co-operative banks or the branches of the Provincial Bank. Co-operative banks, urban or central, will develop the use of modern credit instruments by opening current accounts in small upcountry towns, while well-managed village societies grouped round central banks and branches of the Provincial Bank can accept freely savings deposits from their agricultural members. Such rural societies will have, in turn, current or overdraft account at the offices of central or branch banks on which they can draw on demand or at very short notice to meet withdrawals by members. It is only facilities for withdrawals at short notice and the absence of formalities that will attract the savings of agriculturists in their societies.

To what extent such small banks can be started and worked successfully will depend upon their ability to earn a profit after meeting all expenses. As is well known, the main item of expenditure in any bank opening current accounts at its branches is the loss of interest on cash balances. Heavy balances have to be maintained in the absence of facilities for remittances and even if such facilities are available through the treasuries the receipt of money even by Telegraphic Transfers will occupy a day. It will be very helpful to the development of deposit banking and the opening of branches in small bazaar towns and trading centres, where otherwise no banking facilities on modern lines will be developed, if after taking all due precautions regarding security, approved co-operative banks or their branches are allowed the use of Treasury funds within limits to be laid down. If the Government are unwilling to permit of the departure in financial policy which is involved in giving effect to this suggestion, a further condition may be laid down that the co-operative bank or its branch should give in exchange a draft on the apical institution at the provincial headquarters to enable Government to reimburse the temporary withdrawal of money from the local sub-treasuries. I understand that the Punjab National Bank obtains at its branches the deposit of regimental funds and account against Government securities lodged with the Comptroller of Military Accounts and what I suggest above is merely an extension of this principle. While I do not like the idea of fostering agricultural banking through the indigenous banking system, I agree with Sir Basil Blackett's views that it is desirable to link up the small rural banks with Imperial Bank system. The Co-operative system has already got its internal organisation fairly well developed with the primary village banks federated into local central banks and the latter federated into the provincial banks at the apex. But what the organisation lacks is the recognition of some organic relation between the co-operative apex banks and the Imperial Bank of India as bankers for the State. I have the honour to suggest that relations between these should be developed with the help, if necessary, of Government on the lines sketched in my recent address to the Provincial Co-operative Bank's Conference. I enclose herewith a copy of the Proceedings which contains this speech and the resolutions adopted by the Conference. I admit that the policy of the Imperial Bank

of India has undergone a considerable change since the amalgamation of the Presidency Banks and from some figures which the Managing Governors of the Imperial Bank were kind enough to show me I gather that the Bank's advances to co-operative banks amount to a crore and a half nearly. It is this policy I should like to see extended and definitely recognised as part of the Imperial Bank's obligatory duties.

II. I am in entire agreement with the proposal made by the External Capital Committee to create an All-India Institute of Bankers to supervise courses of instruction, to hold examination and to promote wider knowledge of and interest in various aspects of modern banking. The Imperial Bank of India would do well to enlist the sympathies of all Indian Banks in this move, at an early date.

III. I do not favour any action which would sap the sense of responsibility among Indian Banks and hamper their freedom of action. In India, as in other countries, mistakes have been made by persons conducting banks and I fear will continue to be made whatsoever the degree of external inspection. What is needed is a wider appreciation of the fundamental principles of sound banking and it is to be hoped that this need the creation of an Institute of Bankers will supply in course of time. Public opinion and the constituents of the banks ought to be left to take care as regards the rest, for I think that artificial methods like official control and supervision are likely to hamper rather than aid action from within. Moreover, if anything goes wrong with a particular institution in spite of the proposed extra Government control, both the investors and General public will hold Government responsible for such a mishap. Government should not, therefore, interfere even with the free choice of Auditors from the circle of those certified to audit accounts under the Indian Companies Act, and should not, in my opinion, arrange for audit, on payment, of the accounts of small concerns even when so desired by the latter. Even among co-operative societies the feeling is growing in favour of having audit by independent recognized and certified auditors in preference to audit by the staff of the Co-operative Department. I would welcome, however, any such development as the formation of an All-India Institute of Chartered Accountants as foreshadowed in the Committee's Report.

IV. I would like to draw the attention of Government to the interesting system of remittances through post offices which has lately been developed in Germany and which is fully described in an appendix to Mr. M. L. Darling's book on "Co-Operation in some European Countries" published by the Punjab Government. This policy supports the suggestion made above that Government should be pleased to allow to co-operative banks the issue, under previous arrangement, of Remittance Transfer Receipts on Sub-Treasuries and to permit drawings, under proper safeguards, by co-operative banks and their branches on their credits with the apex bank out of balances held by local sub-treasuries. I am further of opinion, that publicity is required to be given to the existing facilities allowed by Government and the Imperial Bank for the issue of telegraphic transfers and supply bills. The extension of facilities asked for by me will, I fear, involve heavier work at various local Treasuries, and if an increase of staff is asked for on this account, Government should not, I think, grudge the additional expenditure as it would be more than recompensed by the development of banking facilities in upcountry centres which Government are anxious to secure. In this connection, I would refer to the arrangements which obtain in Bombay for the acceptance by Government Treasuries of cheques on co-operative banks in lieu of cash payment for land revenue assessment, irrigation fees or other cesses. If this fact is brought to the notice of the other Presidencies and Provinces, they are sure to follow the lead set by Bombay.

V. Private banks and co-operative banks may well be admitted to clearing houses upcountry if they fulfil the requisite qualifications and the same would apply to co-operative banks. For cheques of co-operative banks the provincial banks should be treated as the clearing houses, and it would be necessary only for such banks to have access to the central clearing houses. So far as my information goes, it is not a very general practice for private banking firms in this Presidency at least to allow accounts to be operated upon by means of cheques. Remittances from one centre to another are effected through the medium of hundies payable on presentation. Only a banking survey can indicate whether such banks, would like to get registered and conform to the rules and practices of modern banking.

VI. It is certainly desirable to increase the number of public debt offices, to introduce the use of the vernaculars in the scrips issued, to admit endorsements in particular vernaculars at specified public debt offices and to improve the machinery for changing the infacement for payment of interest from one Treasury to another.

Government have no direct concern in the marketability of their securities and need not themselves suggest the opening of stock exchanges at different centres. If and when such exchanges do come into existence, they might grant them recognition and for this purpose prepare and keep ready for their use draft rules similar to those suggested for the Bombay Stock Exchange.

VII. I cannot help laying emphasis on the opinion expressed above that the best way of developing credit facilities for agriculturists is through the co-operative organisation. For short term credit, the present organisation commands sufficient resources, though in the opinion of some, with whom I do not agree, the incidence of interest is still high. To perfect the machinery what is now required is a less rigid system and greater freedom and also consequent responsibility to those who are entrusted with the task of funding funds either in the shape of shares or deposits. The agriculturist will have confidence in the *bonafides* of the co-operative credit organisation and will trust his surplus capital to it only if it assures him of its ability to provide capital adequate for the legitimate requirements of his agricultural operations and, so far as is possible, as promptly as the sowcar. Co-operative banks and societies will be in a position to give him the former assurance when credit is regulated according to security and requirements and is not based on arbitrary limits subject to the approval of a central office not enjoying close and regular touch with the persons affected. The latter assurance central and provincial banks will give if they are permitted freely to open branches or central banks for smaller areas can be started with certain assistance in the matter of facilities for remittance of funds to which I have already referred above. In addition, we shall also require land mortgage banks to provide long term credit for permanent land improvements and for redemption of debt. Proposals for the starting of such banks are already before the Government of Bombay and both the Registrars' Conference and the Provincial Co-operative Banks' Conference have passed resolutions in favour of the establishment of such banks. I trust Government will give their very favourable consideration to these proposals. There is hardly any country in Europe where Government do not assist in the organisation of arrangements for land mortgage credit and the Governments of Japan and the United States of America have devised their own arrangements in this respect. The claim of the agriculturist in India on the credit and resources of the State for facilities of the type demanded is equally great as in those countries. As regards the necessity of providing credit facilities for industries, I need only say that I am thoroughly in sympathy with the recommendations in that behalf made by the majority of the Indian Industrial Commission and with the Resolution passed on the subject in the Council of State in 1922. I think some action on the lines of the Commission's recommendation and the Council of State Resolution has long been overdue. Why the State should shoulder responsibility for the financing of industries and why this responsibility has been accepted by Government in Germany or Japan, has been brought out very clearly by Mr. B. F. Madon in his evidence before the External Capital Committee and I am in entire agreement with the views expressed by him.

VIII. It would, indeed, be useful to have a standardised bill of exchange printed on Government stamped paper, both in English and the principal commercial vernaculars, with blank spaces provided for the names of the drawer, the drawee and the acceptor. These forms may be made available at local branches of the Imperial Bank of India, but their use should not be made compulsory. I also agree that a change in the law is necessary, as suggested, in view of the recent judgment of the Bombay High Court in accordance with which a bearer Hundi was held to be restricted to payment to order by an endorsement to that effect. The law should provide for at least one type of instrument which will not only be drawn payable to bearer but will remain payable to bearer in spite of anything that anybody may write on it short of cancellation.

For the extension of credit facilities in India and for improving the liquidity of finance in trade and industry one thing which will be very helpful is the development of the trade acceptance and the organisation of its discount. The use of such instruments is not very common in India and banks, including the Imperial Bank of India, will have, in the first place to be induced to recognize this system of finance by agreeing to discount such real trade bills, and not only that to get their customers to use these instruments in preference to the system of open book accounts with which they and the public are most familiar. More important than this type of bill, is the domestic bank acceptance or the bankers' bill and to popularise this instrument rests with banks themselves, the lead, as in other matters, being taken by the Imperial Bank of India. The popularization of such instruments

will not only greatly facilitate the financing of inland trade and commerce, but will provide a valuable security for the Imperial Bank of India against which emergency currency can be issued safely by Government, confident in the assurance that the facilities which they supply are not utilised for artificial inflation of credit for accommodation purposes. The lines on which this development can proceed are well described by Mr. Madon in his note to the External Capital Committee.

LETTER FROM B. F. MADON, ESQ., BRUCE ROAD, FORT, BOMBAY, TO THE GOVERNMENT OF BOMBAY, DATED THE 22ND APRIL 1926.

In reply to yours of the 19th February last drawing attention to the Report of the External Capital Committee and asking my views on certain points, I have the honour to now reply as follows:—

I would in the first place draw your attention to the practical illiteracy of the population, as much as 92 per cent. not being able to read and write even their own vernaculars. When it comes to the female section of the population, the position is still worse. To ask such people to trust their very hard-earned savings to something written on a piece of paper or in a Bank pass-book, is more than one has a right to expect, particularly if we bear in mind that the immigrant population in the United States (mostly that hailing from Southern and South Eastern Europe) is found very prone to hoarding, although in the matter of literacy they stand far above the Indian masses.

The position is still worse when literacy in English is considered. To those of us who pass their lives in the big towns or have to deal mostly with Government or Railway employees, it almost seems as if a smattering at least of the English language was very wide spread in India. But the Census Report tells us that not more than 5 in every hundred can read and write English. If Banks in England were to keep their accounts, etc., in the Russian or Chinese language, I feel confident that the English masses would fight shy of such banks, and hoard their savings. It is therefore nothing surprising if Indian masses fight shy of institutions where everything is done in English.

The above remarks, to my mind, furnish a key to the whole position. It is no use talking of Banks or branches of Banks being broad-cast all over the country. They cannot appeal to the illiterate 92 per cent. of the population. It is worse than useless to develop such banking facilities based on the English language.

But when I have said this, it is not to be understood as meaning that the money of this enormous population is going into hoards, if by that term is to be conveyed the idea of burying the money out of sight and out of current use. Most of this money is banked but with the indigenous banker. If this is considered a rather bold statement, I would draw attention to the fact that:—

90 per cent. of the towns, and

100 per cent. of the rural areas

have no Bank of any sort in the European acceptance of the term. It would be absurd to assume that there are no dealings in all this immense area that require some form of banking machinery to handle them. Such dealings must be there, and the financing machinery must be there also, although of a different type from European Banks. Every one of the towns and many of the villages will have its sowcar or bania or chetty or the indigenous banker under some other name. This man is not a banker that permits drawings by cheques but allows all the other operations, viz.:—

Deposits to current account of client;

Deposits for fixed periods;

Withdrawals (not cheques but cash) as and when wanted;

Advances on security of produce, of other moveables and of immoveables;

Advances on produce even before it is harvested;

Advances on personal credit;

Discount of Bills of Exchange—called Hundies both demand and usance ones;

Issue of Demand Drafts on their correspondents for remittance purposes.

The above will show that this man is doing every thing a Bank (in the European acceptance of the term) does, and to say that it is Banking that requires to be developed is to show an ignorance of the fundamentals of the position.

The question might be raised. Why is this man still the principal banker of the masses of India? The answer is.

He is known to his clients and trusted by them. No writing has to pass. The Banker and his client do things verbally. There are no hide-bound formalities or red-tape as in most Banks, and particularly in the Imperial Bank and the Public Debt Office. There are not the same difficulties in case of death of a client for his assets to pass to his successors.

Therefore, the Indian masses will stick to their own indigenous banker for a very long time to come—perhaps until we have 90 per cent. literacy in place of the present 90 per cent. illiteracy. Then again what is it that the European-style Bank can give and which the indigenous Banker cannot give? I see nothing. As a matter of fact there are certain penalties imposed on the man dealing with the European-style Bank. The client must know English. He must use cheques and pay one anna to Government every time he does it. He must put in his money before a fixed hour, and to the mind of the masses a very early hour, otherwise it does not count for interest. For getting paid on a vernacular signature he must get it verified by a Justice-of-the-Peace and perhaps incur some expense for doing it.

I hope I have said enough to show that any development of Banking on the European model will not be of much use in getting the masses to put their moneys in Banks, and make their receipts and payments through Banks.

The question then is—on what lines ought we to proceed? My answer is—

Rope in this indigenous Banker with the European-style banking organisation.

The retort might be made—"Yes, but how," my reply is—

By recognising this man's status as a Banker and treating him as Banker.

Each of them is the balancing reservoir for the floating funds of his own little area just as the Imperial Bank is the Balancing Reservoir for the whole country. Let Government make use of these Balancing Reservoirs for its own receipts and payments each in its own little area. Let these be linked up with the bigger Reservoir for the whole country by each of them acting as the correspondent for the Imperial Bank in his own little area. This will facilitate transactions all over the country. It will mean even considerable economy to Government in the matter of the District Treasuries and the movement of its own funds, and it will keep the circulation of money more even by preventing the present drain of money from the vast rural areas. In the matter of this drain the Railways are the worst offenders. Every Railway Station collects a lot of cash, and instead of the Station Master paying it into the local banker and getting from him a remittance order, the money is packed and sent on to Headquarters, which, to my mind, is not only a waste of time and energy but is actually harmful from a currency point of view by making currency and small change scarce in the interior of the country. If the indigenous banker is so linked up with the Imperial Bank, the latter will automatically become the balancing reservoir of all indigenous banking, just as it to-day is of all European-style banking, because to facilitate their remittance operations these indigenous bankers will see the need of opening accounts with the Imperial Bank or other big European-style Bank.

The next most essential step in such linking up is the development of the discount of internal bills of exchange. The indigenous banker each in his own area will use his local capital in the purchase of such bills and get the money free again by re-discount at the Imperial Bank or at such other Bank as he has an account with. This has been treated more in detail in my written evidence before the External Capital Committee, and the Royal Commission on Currency of which I enclose copies and to which I beg to refer.

It has been seriously asserted that it is not possible to secure even 12 crores of such bills for discount that are required for Emergency Currency purposes. Now as we know our internal trade is far bigger than our export trade, which only arises from the marginal quantities of products that India can spare. The 350 crores of Exports create 350 crores of Bills on foreign destination at 30—60—90 days or even 6 months' sight. The internal traffic must be 5 to 10 times as large, and could be the basis of a very large amount of eligible commercial paper, if we only go the right way about it. The importance of doing this lies in the fact that if this is done and the indigenous banker sees his way to ready liquidity of his own advances through such discount, he will be more ready to come into the scheme of banking organization, and play his own part in it.

I have already said earlier that in view of the extreme illiteracy of the masses this indigenous banking agency will be needed for many years to come. But this

is not the only reason. A far more important reason is that India is mainly an agricultural country, and banking of the type that we are familiar with in the present European-style Banks is unsuited to the needs of such an agricultural population. This cannot be better exemplified than by the case of England itself. Banking is very highly developed in that country, so much so that there are as many as 7,300 Head and Branch establishments belonging to the Big Five Banks alone, apart from hundreds of similar establishments belonging to other smaller banks. And yet the position as regards the financing of Agriculture is so unsatisfactory that Mr. Enfield in a Report recently presented to the Board of Agriculture in England says :—

“The Banks frequently lend on their personal knowledge of farmers without a definite charge upon their property, but the extent to which this is done is limited.”

“The “Economist” commenting on this indicates the methods the farmer is compelled to resort to in consequence and says—

“The system under which farmers get a large amount of short-term credits from traders, dealers, auctioneers, etc., is far from satisfactory. The system very often limits the farmer in his market by compelling him to sell back to the man who grants him credits and the profits are divided. It usually costs more than Bank credit and often obscures from the minds of the farmer the fact that he is paying anything for monetary accommodation at all.”

Now the population living directly or indirectly on Agriculture is hardly 15 per cent. in England. In this country it is perhaps 90 per cent. If the European-style Bank, with a Branch perhaps in every second village, has failed to provide suitable finance for its agricultural population in England, it is easy to see that the 250 to 300 such Banking establishments cannot possibly do it in India. What is more England's experience shows that such Banking is not suitable to the needs of an agricultural country, and therefore mere extension of such Banking in this largely agricultural country is sure to prove a waste of effort and to bring disappointment in its train. *What is needed, therefore, is not development of such Banking, but development to the fullest extent of the possibilities of the present indigenous system of Banking.*

The indigenous Banker performs another function that is of the utmost importance to a community mainly dependent on agriculture. He is a merchant, and is ready to buy the produce of his clients or to sell to him the ordinary necessities of life. Then, again, as agricultural incomes can come in only once a year or twice a year, he is ready to provide these necessities on credit, against cash to come in at harvest. This again the ordinary European-style Bank cannot do, and is one more reason why our efforts should be concentrated on the improvement of the indigenous system of Banking and the development of its resources.

All the above might seem at first sight to show that I had strayed very far away from the points raised in your letter but this is not the case. It would be easy enough to give superficial replies, but they would not be the right replies, and would not be of any help to a real solution of the problem. For this, it is necessary to bear the fundamental conditions, the problem constantly before us, and in my reply so far I have tried to indicate what they are. I may summarise them here as follows :—

1. The country is 92 per cent. illiterate even as regards the vernaculars.
2. It is 95 per cent. illiterate as regards English.
3. Eighty per cent. of its population is living directly or indirectly on Agriculture. (In this I include the small artisan, etc., population of the rural areas.)

The Banking needs of such a population require—

1. Banking in a form where personal contact and personal and verbal negotiation between the banker and his client is possible.
2. Banking in a form where a knowledge of English is not needed.
3. Banking in a form where a knowledge of reading or writing even in the vernacular is not incumbent or necessary.

4. Banking in which advances cannot be expected to be liquidated day by day as in ordinary commercial banking.
5. A system where the Banker not only acts as financier but as merchant and as agent for his clients.

If we bear the above in mind, the replies to the various points raised in your letter will be as follows :—

The means by which deposits might be encouraged.—This question shows a misapprehension of the whole position. The only deposits that come under the cognisance of the statistician are those of the Joint Stock Banks. Such statistics altogether ignore the enormous amounts on deposit with the indigenous banking community, and with merchant-bankers and merchants all over the country. My own opinion is that there are no moneys held somewhere out of sight that need to be coaxed out as deposits,, and any attempts to so coax them out will prove most mischievous, as they will simply divert funds from indigenous banking channels to joint stock banking which is amenable to statistical comparisons. I say 'mischievous' because it can only divert funds from that part of the banking organisation that is of greatest service to the country under the present conditions to a part that is *unaided for such service*. I shall refer further to it under the head of Post Office Cash Certificates.

Current Accounts with Banks including Savings Bank Deposits.—No development in these directions is to be expected from the 92 per cent. of illiterates who must perforce go and entrust their savings if any to the man whom they know in their own area, and who will keep it for them and supply them with such commodities as they may need. For the 8 per cent. literates, it is essential that banking should be in the vernacular not in English. It is a well-known fact that the indigenous banking and commercial community make very little use of the commercial banks in transactions as between themselves, even in places like Bombay and Calcutta. Such transactions are entirely cash—mainly currency notes—and to enable these to be put through smoothly crores of rupees are kept at home overnight, although they would earn some interest if in a Bank. The difficulty here is—

- (a) *Need to make out the cheque in English.*—(Some Indian Banks permit signature alone in the vernacular, provided the cheques are signed in blank before an officer of the bank. Very few careful men would care to sign and pass such cheques, the contents of which they must take on trust owing to ignorance of the language.)
- (b) *The stamp on cheques.*—Even in wealthy England the 2d. stamp is resented, and there is strong agitation to return to 1d. In wealthier America there is no stamp needed. The indigenous commercial community does not see why it should pay this tax when, by confining its operations to Currency Notes, receipts and payments may be made as efficiently without such tax. It is also forgotten that an anna in India is far more valuable than a penny in England to the average individual in view of the average income in each country. The figures of revenue from the stamp on cheques are not separately available to me, but my information leads me to think that it can be only a few lakhs in each province. This small revenue should be given up in the interests of the improvement of the Banking organisation of the country, and thus should be removed this obstacle to the funds of the indigenous banking community being deposited in ordinary banks. This result will also be highly desirable from a currency point of view.
- (c) *There must also be a change in banking hours to fit in with the usages of the indigenous banker.*

Short Term Deposits with Banks.—Many of the above remarks apply to this question also. Then, as regards funds that can be spared for a definite period, they do go into such deposits. What is not understood is that a very large part must in the circumstances of the case go to the indigenous banker and the indigenous merchant, where the client personally knows and trusts his banker, and where very little reading and writing and stamping is called for. These latter—banker or merchant—must have and do have surplus cash in hand amounting in the aggregate to very large sums, but in view of their liabilities they want to keep it very liquid. I would, therefore, urge a reintroduction here of Government Treasury Bills for 3 and 6 months, which I advocated during the War, and which were then introduced and did valuable service. Their discontinuance is a mistake and the keeping by each Government of enormous surplus balances that is now in vogue is, to my mind, unpardonable extravagance.

Post Office Cash Certificates.—I have already said in an earlier paragraph that any attempt to coax deposits will prove most mischievous, because there are no savings buried somewhere out of sight that can be drawn out by such coaxing, and that, in my opinion, what will really happen is that deposits will be diverted from indigenous banking channels where they are now "invisible" to the European-style Banks and become "visible". This is what has happened with these certificates. The out-standings of these had actually gone down from the 8 crores of 1919 to only 3 crores in 1923. The Government then came out with the surprising offer of 6 per cent. compound interest income tax free, and the amount has rapidly gone up to 8½ crores in 1924, 13 crores in 1925 and 19½ crores this year. Government seem to be very proud of this achievement. They do not seem to see that it is not the result of increase in thrift but of giving as much as 1 per cent. more to investors in Government securities than they would otherwise get, and advantage is naturally taken of such an offer by the trading community to pick up a Government security on such handsome terms, and as there is a great depression in trade all over the country, and great want of confidence, they find it safest to put their funds in these certificates till there is more confidence in trading circles.

The figures of subscription to the Cash Certificates for March 1926 published a few days ago show that subscriptions have reached the enormous total of 2.06 crores or at the rate of 24 crores a year. This is a direct result of the recent rapid widening of the disparity between the rate of 0 per cent. income tax free on these Cash Certificates and the current market yield on Government paper. These figures should be an eye-opener to Government and should make it clear to them, that it is not the ordinary man who does not understand how to invest that is being drawn to these Cash Certificates, but the cute businessman who knows how to take a profit when he sees it, and who is exploiting these certificates. The bulk of the huge amount of subscription during March is clearly by this businessman, and it is extraordinarily large in this particular month because Government has been foolish enough to allow the rate of 6 per cent. compound interest tax free to stand till 31st March after announcing that it was to be reduced to 8½ per cent. thereafter. It was a direct invitation to all with spare cash to take advantage of the 6 per cent. offer while it lasted, and the result, as might have been expected, is this huge subscription in a single month. There is no valid reason for assuming that these are all new savings or money drawn out of old savings in hoards as the Government seem to imagine. It is simply the "invisible" deposits of the indigenous banking organisation that are drawn out and made "visible". Every Banker knows how a large credit edifice can be built up on a small amount of liquid cash in hand and only a banker can understand the harm that must be done to the indigenous credit edifice by the drain from it of such a huge amount of cash in a single month. The increase of 16 crores between 1923 and now is, in my opinion, a diversion of the working capital of the indigenous banking community and not savings that would not otherwise be banked, and it has played its part in the scarcity of funds in the interior and in a poorer demand for commodities, because the destruction of credit and confidence resulting from Government's currency policy has led to insistence of cash by sellers, and at the same time this great amount of cash has been withdrawn from indigenous trading circles.

The rate is now changed to 5½ per cent. compound interest tax free. This is still a good deal higher than the yield on Government Paper to-day and the mischief will continue. If thrift in the small man is really meant to be encouraged why do not Government raise the rate on Post Office Savings Bank Deposits, and ask the Imperial Bank to raise its own rate for Savings Deposits. Instead of it, the latter is actually lowered one-half per cent. Consequently a man who goes to the Savings Bank will get only 3½ per cent. while the man who buys the Post Office Certificates will get 5½ per cent. tax free!! This is a most strange way of encouraging savings. Government is pleased to fancy that they are coaxing out money that would otherwise remain in the provincial old stock. They similarly fancied in the Reverse Bills days that it was all *bona fide* remitters who scrambled for these Bills and for the £40 Postal Orders!! The net result is the raising of 16 crores by Government on very onerous terms, a loss of 20.25 lac. in unnecessary additional interest charge, and a weakening of the indigenous money market and a stagnation of the Import Trade. I will leave it to trained bankers to say what the extent of this weakening of the indigenous money market must be, when the onerous sum of 19 crores is withdrawn from the circles where the cheque is unknown, and all dealings are in cash, but I am sure none will deny that it must mean a very serious drain on the resources of the indigenous financing organisation, and I would most strongly urge the immediate withdrawal of the offer of these certificates as an important step in the rehabilitation of the financial organization.

Deposit Receipts in the Vernacular.—I have already indicated that not only a Receipt but cheques, and if possible, all banking should be in the vernacular.

Formation of Banks in places where none exist at present.—I have already expressed the view that as the country is largely agricultural, and extremely illiterate, more Banks after European-style will not be of much help. However, if this is a desideratum, I think the most suitable development will be that of Co-operative Banks.

These approximate much more closely to the agency of the indigenous banker. The men in charge are from, and of the people. They speak the same language, and can enter more readily into the minds and needs of clients in rural and small urban areas. The Agency employed is also much less costly. If, therefore, familiarising the people with banking on the European model is considered desirable, Government should do everything possible to encourage the Co-operative Bank. The direction in which this can be done is—

- (a) using them, wherever they exist, as Government treasuries if the Imperial Bank is not already there;
- (b) using them for remittance of revenues from country areas by payment of revenue into the local branch of such Co-operative Bank, and getting an order on its Head Office;
- (c) free remittance for its funds from the Presidency Town to the rural area and *vice versa*;
- (d) total exemption from stamp duty of both cheques and receipts;
- (e) arranging with the Railways to pay in their receipts at upcountry stations to such Bankers against orders on Bombay or other Head Office of the Bank concerned.

This will save a lot of work and expense to Government and the Railways in the handling of their funds, and at the same time give the Co-operative Banks a certain status, and encourage greater resort to them by the rural community, and so help the propagation of Banking on the European model.

I have already suggested the doing away with the Stamp on cheques. If Government consider it a big order, I suggest their doing away with it altogether at least in the Co-operative movement as the revenue sacrificed will not be important.

It may be argued that these Banks are not substantial enough for Government to entrust their funds to them, but I may point out that most of the provincial Co-operative Banks are now very substantial. So also are some District and Urban Banks, and will, I feel sure, be able to afford ample guarantees for the amounts that they may be entrusted with, each in its own small area.

Apart from Co-operative Banks, the best way to propagate the idea of Banking on European model is to encourage *indigenous Joint Stock Banks*, because they alone can provide the nearest approach to the present indigenous agency. The men in charge would be of the people, they could talk the same language, and the client would feel much more at home with them than he can ever be with any officer of the Imperial Bank. Even so, these banks cannot hope for many years to replace the present indigenous agency, because they too must have cheques and receipts and vouchers and what not, which are all Greek to our illiterate masses. But such as they are, they can still do a great deal to propagate the idea of Banking after the European model, particularly if they do their work in the vernacular.

But these Banks cannot have a fair chance if the Imperial Bank is allowed to work as it is now doing. It has many crores of surplus (Government funds and funds of semi-Government bodies for which it has not to pay any interest and it goes out for the same kind of credit and loan business direct with clients that other banks do. This is manifestly unfair, and there can be only one result, *viz.*, that the cream of all banking business must come to the Imperial Bank, who can give most favourable terms. Business thus becomes more difficult for the indigenous banks. They are, however, able to command a certain amount of business in the few big centres of commerce and industry, but in the districts the situation becomes almost hopeless. In such places the Imperial Bank with the Government balances and the prestige of being a Government Bank naturally commands the position, and makes it almost impossible for indigenous banks to pay their way in such places, because they must, on the one hand, offer tempting rates to secure deposits, and on the other cater more or less for the same class of business as the Imperial Bank, which means that they must be satisfied with business that the Imperial would reject.

It is clear, therefore, that any measures aiming at the development of the Banking organization of the country must keep a reform of the present organization and working of the Imperial Bank in the forefront. The present working has the defects inherent in its origin as a private capitalistic bank trying to do its best for its

shareholders. Its outlook is consequently narrow, and its methods are a replica of the methods of ordinary banks, who lend enthusiastically in boom times when prices are soaring, and who get panicky in times of depression when prices are at very low, and therefore at very safe, levels for loans and credits on sound lines. It is, therefore, very necessary to so organise the Imperial Bank that it may more correctly appreciate and fulfil its role as a State Bank, and keep the interests of the country and not the dividends of its shareholders in view in its banking policy. If it is not found possible to change the present character of the Imperial Bank, then we should organise a State Bank. No capital will be required for the purpose as the example of the Commonwealth Bank of Australia has shown, and such State Bank will be more readily able to look at its banking problems and policy from the point of view of the larger interests of the country, as there will be no shareholders to consider.

This suggestion may seem to be in conflict with my evidence before the Royal Currency Commission, where I have advocated the handing over of the Currency Department to the Imperial Bank. I may, therefore, point out that the underlying idea there is to free our currency system from the manipulations of the Finance Department with its eye to the Budget, and what I there aim at is the management of our Currency system in a way to free it from such manipulations. This can be done quite as efficiently if this work is entrusted to a State Bank.

How such a State Bank might help the development of Banking in this country may be seen from my remarks earlier, where I suggest the riping-in of the indigenous banker by the discount of internal trade bills. The words of Prof. Keynes in his scheme for a State Bank for India at page 72 of the Chamberlain Commission's Report might be usefully quoted here. Prof. Keynes says :—

"This leads us to the question of the relations of the State Bank to other banking institutions. The State Bank ought to aim, I think, to the greatest possible extent at re-discount business. So far as possible, that is to say, it should aim at filling its portfolio with trade bills which have passed through the hands of another Bank or shroff or Marwari of high standing and have received their endorsements. This seems to me to be the right channel through which the accommodation newly available should filter down to the great mass of Indian traders. The State Bank would have on its list certain Banks and private native financiers of high standing who would be amongst its regular customers and for whom in general it would be prepared to re-discount freely.

The power of re-discount might prove a powerful aid to the development of Indian Joint Stock Banks on sounder lines than hitherto, and involve at the same time a valuable check on them. For, admitting a Bank to the re-discount list, the local Manager of the Presidency Bank would require, from time to time, to examine somewhat carefully, in confidence, the Bank's position; and the risk of losing its position on the re-discount list might act, to some extent, as a deterrent to rash banking.

Apart from this check, the creation of a re-discount market would render such banks most vital assistance. Indeed I am doubtful how far it is possible for them to develop on really sound lines without it.....

If a State Bank were to encourage the transaction of business by means of trade bills, through making bills easy things against which to obtain advances, native Banks might hope in time to obtain more of them for their portfolios and would have something which they could turn into cash at need by re-discount."

The amalgamation of the three Presidency Banks into the Imperial Bank of India was meant to make the most of the existing organisation, and provide a workable substitute for a State Bank. It is most disappointing to see that six full years after its inauguration as the Imperial Bank, we have not even the beginnings of real trade bills, not even the beginnings of a real discount market, both such essential parts of a sound currency and banking system in any country. This is why it has seemed to those who have given serious thought to the question that it is not a mere change of outlook by the Imperial Bank but an organic change that is now needed, if the Banking organization of the country is to develop as it should.

"Banking Education.—A scheme for an institution analogous to the Institute of Bankers in England is, I understand, now under consideration and should gradually create a class of trained bankers in this country. A good knowledge of at least one of the leading Indian vernaculars besides the candidate's own mother tongue should be made obligatory on all candidates for such training.

Closer inspection and control of Joint-Stock Banks by Government and their Audit if desired by the banks themselves.—There is a feeling among many laymen that this would make the working of banks sounder and inspire greater confidence of the public in such banks. My own opinion based on experience of the state of things in Japan and the United States is *against* any such Government inspection or audit. In both these countries, there is very considerable Government control on banking institutions, and yet, failures of banks are quite as common if not more common than in this country. This is because such Government control invariably degenerates into cobwebs of red-tape, while the *soundness of the security* offered for its loans or the *necessary liquidity* of its funds are a matter solely for the judgment of the Directors of a Bank, and if this judgment is faulty, results are bound to be bad in spite of Government audits and inspections which will go mainly by rules of red-tape laid down in Audit Codes.

Extension of remittance facilities.—This would be very desirable and we might very well imitate in this country the *Giro system* and the *Post Office Cheque* so well known in Germany. It will tend to make people keep their accounts in Banks in order to get the benefit of this facility. For the first few years I would make this service entirely free.

Clearing House facilities.—These ought to include every Bank that is willing to join the Clearing House. At present many indigenous banks are refused this facility on various grounds which is actually detrimental to the interests of the country from a currency point of view.

Developments of Stock Exchanges and market for Government Securities.—This is undoubtedly a desideratum, and must go hand in hand with development of banking, as it provides for ready negotiability and marketability of securities in which a considerable part of a banker's fund would have to be invested.

Long term facilities for Agriculture.—Land Mortgage Banks.—I would strongly recommend the adoption of the *Federal Land Banks* of the United States with suitable modifications. It implies Government participating in capital, etc., and this seems repugnant to British traditions and ideas in such matters, but those who argue on such lines that Government should stand aloof forget that in this country the *Government is the greatest landlord* and the measures under consideration in this para. will tend to the improvement of its own estate and the amelioration of the conditions of its own tenantry.

Industrial Bank.—The idea of such Banks is foreign to English trained minds. It is, therefore, impossible to make any useful suggestions here, and I would only urge the deputation of some one from the Imperial Bank of India to Japan to study the working of the Industrial Bank and the Hypothec Bank in that country.

Financing of Agricultural produce by negotiable instruments.—It should not be only agricultural produce, but all commodities on their way from the point of production to the point of consumption. Bills can be drawn by the seller on the buyer at every stage, and these would be the *only real trade bills*. In this country they are practically unknown, and even considered undesirable. On the other hand they are the most liquid form of security known on the continent and in Japan, and, in the United States, special efforts were made some years ago to develop the trade acceptance. What happens in this country is that goods have to be sold on credit as in other countries, but the credit is given in open book accounts instead of by bills. The Imperial Bank or the State Bank can do a great deal to improve upon this state of things by giving such bills preference for discount over the present bills, which are much more in the nature of accommodation bills. I would refer to my written evidence before the External Capital Committee and the Currency Commission for more detailed views on the subject.

If this kind of bills are to be encouraged, the *rate of stamp duty on internal Bills of Exchange* will have to be made much lighter. The present duty is felt to be very heavy, and is constantly evaded by documents being made out "at sight" or "on demand" where the business that creates them is really 60 or 90 days or more, *usance*. This is done by attaching a covering letter or something similar to such "demand" bill by which the party demanding agrees to postpone its demand for an agreed period. Government will, therefore, be well advised to make the duty so light that no one would care to evade it, that is by making it the same as for demand bills.

Change in the law regarding negotiable instruments in connection with above bills.—I would recommend as a first step committees in each province to decide upon a standard form of such bills in the *leading vernacular* of each province as, in the nature of the case, the bills, if they are to be as common as they ought to be, will have to be in the vernacular. In the meantime, a start ought to be made with bills in English in the finance of Cotton, Jute and Seeds from the up-country centres to ports, and on *pithees* goods and metals from ports to the interior marts.

Standardised Bills of Exchange payable to bearer in spite of anything that may be written on it.—This suggestion of Sir Basil Blackett voices the feeling in European Commercial circles for the need for such an instrument. It really arises from ignorance of vernaculars and refusal to have to do with anything written in the vernaculars. I am afraid the Indian commercial community is not yet prepared for such a revolutionary change. Their present "Shahjog" hoondie goes far enough; in fact, farther than I know of similar bills of exchange doing in any other country. The only thing "Shahjog" insists on is that the amount may be paid to presenter, but he must be one with a recognised place of business, and the Indian Commercial community thinks this a most important safeguard, while 90 if not 99 per cent. of such payments continue as now to be made in *cash* and not by cheques. Even under this restriction long-firm frauds are not unknown, but they require very elaborate preparations. Besides this, I am not aware of "a Bill of Exchange that is not only drawn payable to bearer but remaining payable to bearer in spite of anything that anybody may write on it short of cancellation" in any other country.

I would, therefore, advise dropping this idea for the present. *What Government can do by legislation* is to provide that where any such instrument is on the face of it made payable to bearer it shall remain payable to bearer in spite of anything that may be written on the back, and that any change should be indicated on the face of such Bill. This will, I believe, remove the hardship that sometimes occurs at present. If a drawee pays such a bill to "bearer in spite of the change on its face," he will have to thank himself for the consequences.

This concludes my replies to the various points raised in your letter. You will kindly excuse the length of it, because I could not see my way to make it shorter, if my replies were to be of any use to Government.

SUPPLEMENTARY NOTE BY MR. B. F. MADAN, ON POINTS IN THE EXTERNAL CAPITAL COMMITTEE'S REPORT, DATED 24TH APRIL 1926.

In my reply sent in on the 22nd April, I have already pointed out how Banking on the European model by joint stock banks can be encouraged. In the following Note I wish to draw attention to certain things that seriously hamper the successful existence and growth of such Banks.

Government must be well aware of the successful attempt made to wreck the Tata Industrial Bank—a Bank that had started with very ample resources and was of great promise for the future economic development of the country. The way it was done was to attack the accounts and to make all sorts of allegations. These allegations could have been and were proved wrong in the end, but they succeeded in their purpose of wrecking the Bank. This was due to the very nature of Banking business. Its principal working capital is deposits fixed or current, and its business is to lend out such deposits. Now, such deposits depend on the confidence of the public in the stability of the Bank that gets the deposits, and this confidence is a very delicate thing, and can be shaken and even destroyed by the least puff of suspicion. The allegations above referred to succeed, because very few depositors would ever care to wait till they were proved or disproved. The average man's first inclination will be to withdraw his monies to a safer place. He won't take any chance.

If deposits are then rapidly withdrawn, the Bank must recall its loans as rapidly. This is not always possible, because while a borrower may be perfectly solvent and his security quite good, he cannot find the money at short notice. The Bank subjected to such attacks, therefore, soon finds itself rapidly depleted of its resources and unable to get in its own money with equal rapidity, and is in consequence faced with incipient insolvency. This was the genesis of the troubles of the Tata Industrial Bank, and the necessity it found itself under of amalgamating with the Central Bank of India.

The parties who are attempting to wreck the Tata Bank thus found themselves foiled in their object of forcing a liquidation on it, and turned their attention to the Central Bank of India, who had committed the crime of depriving them of their victim. This Bank has been ever since most persistently persecuted, and it speaks volumes for the ability of its management that it has been able to withstand the attacks till now. However, the existence of actual litigation, or the imminence of such attacks, must put a very serious strain on the management, and divert their attention from their legitimate banking work. It must also prevent them from making the best use of their funds for the finance of trade and industry, and compel

them to keep an unnecessarily large percentage of their funds in very liquid form. A necessary corollary to this is high interest rates, because the necessary dividends and reserves have to be earned from the leading out of a *smaller* portion of the working capital than would otherwise be the case. The general public is thus made to pay for the attacks of which the Bank is made the target, and even Government finances indirectly have to suffer, because the rate at which people will invest in Government securities must have some relation to the rate at which the same money can be lent to commerce and industry.

I need not dilate on this aspect of the question to show that Government can not regard attacks on Banks as a matter entirely for the Bank and its shareholders. Both the general public and the Government are closely interested in the consequences of such attacks, and it is, therefore, their interest to see that there is nothing in the law or procedure of the courts that advances the objects of people making such attacks. This object is simply to create an atmosphere of suspicion, destroy confidence of the public in that particular Bank, and lead to the withdrawal of its deposits, and possibly to its premature suspension. Therefore, what the attackers need is:—

1. Ample publicity for their allegations.
2. Lengthening out of the proceedings to get repeated chances for such publicity.

The remedy, to my mind, is legislation—

1. prohibiting publication by the news-papers of any details of the case or even of the plaint until the case is decided.
2. improvement of procedure that will allow of such cases coming to a decision in the shortest possible time.

There is precedent for the first in the recent legislation in Great Britain regarding the publication of divorce proceedings. The harm done by the publication of unfounded allegations in the plaint against a Bank is, to my mind, much more serious to the economic well-being of the country. If the attack only succeeds to the extent of a partial withdrawal of deposits, the result may be a compulsory withdrawal of its loans by the Bank to industrial and trading concerns, and in times of trade depression this may result in sending some of these concerns into insolvency. If the attack succeeds as it did succeed in the case of the Tata Industrial Bank, the consequences may be far more serious.

The next thing that I think Government should consider is legislation aiming at prevention of short scales of shares. This may or may not be part of the game of those who are now carrying on a campaign against the Central Bank, but it can be a part, and perhaps a *very profitable* part, of such campaign. When the attack begins some deposits—those of the more nervous parties—are withdrawn. As the attack gains in intensity, more and more deposits might be withdrawn. Rumours may be simultaneously set afloat of the imminent failure of such Bank, and fearful pictures drawn of the calls that the shareholders would have to meet. If it all succeeds, there would be only too many shareholders anxious to get out of the shares of such bank before it was too late, and shares would be thrown on the market. The parties organizing the campaign, would have sold shares short in the early part of their campaign, and these they could now pick up at handsome profits. Attacks on Banks can then at times be made very profitable ventures. It might be said that other kinds of business could also be attacked in the same way. There is, however, this important difference that deposits (i.e., other people's money) is not the *mainstay* of such concerns, while they are basis of 80 to 90 per cent. of the business of a Bank. Other concerns can, therefore, be affected by such attacks only in a very minor degree, and their consequences to the commerce or industry of the country would be far less serious.

The remedy I suggest is that the law should enact it to be a misdemeanour for any one to make a contract to buy or sell shares without the specific numbers of the shares that are the subject matter of such deal being given at the same time. It should also make it a misdemeanour to pass any transfers from seller to buyer without entering on it the specific numbers of the shares concerned. Such misdemeanour should make the culprit liable to fine, and in case of repeated offence to imprisonment. Provision of this kind has, I believe, existed in the laws of Hongkong for many years, and originated from the same state of things—attacks on the stability of Banks through short scales of their shares, and rumours set afloat to justify such scales.

Serial No. 15.—^{*}LETTER FROM E. A. H. BLUNT, ESQ., C.I.E., O.B.E., I.C.S., M.L.C., SECRETARY TO GOVERNMENT, UNITED PROVINCES, FINANCE DEPARTMENT, No. B-710, DATED THE 28TH AUGUST 1926.

SUBJECT :—*Report of the External Capital Committee.*

I am directed to invite a reference to Mr. McWatters' letter No. D-5121-F., dated December 22, 1925, with which were forwarded copies of the above report. The Government of India ask—

- (1) for any information which the United Provinces Government can offer to supplement their knowledge of the various subjects connected with the development of banking;
- (2) for any suggestions which this Government can offer with regard to the preparation of a survey of the whole field of banking; and
- (3) for their views on the best method of subsequent procedure in order to carry out, as far as possible, the recommendations of the External Capital Committee.

2. The first of these questions includes numerous problems, such as banking education, Government control over banks, the provision of clearing houses, etc., which are essentially matters for discussion by experts. The Governor in Council need only note that a demand for commercial education, including banking practice, already exists and is being met to some extent by commercial colleges and courses, and that assistants in some of the joint stock banks also sit for British qualifications in banking. The main problem, however, is that stated in the fourth recommendation of the External Capital Committee :—"India possesses a vast store of dormant capital awaiting development, and in order to make this available for investment, banking facilities must be increased and extended"; and the Governor in Council thinks that the most useful contribution which he can make towards its solution, will be a brief description of (1) the distribution of this capital amongst various classes of the population, and (2) the extent to which it is really dormant.

3. (1) *Distribution of dormant capital amongst different classes of the population.*—(a) At the bottom of the social scale there is a large class of unskilled labourers, agricultural and urban. Neither in India nor in any other country has this class any spare cash to invest.

(b) The next class, which is equally large, consists of tenant-farmers and of peasant proprietors in the country, and of small shopkeepers, artisans and persons on small fixed incomes in the towns. Such persons are often possibly well to do, but rarely possess much spare capital. The wealth of the agriculturist consists rather of kind than of cash. The shopkeeper and artisan require all their capital for their own business. Neither the deposits nor the investments of this class will ever be large.

(c) There is a third class, which may be described as that of the small capitalist, whose income ranges from Rs. 500 to Rs. 2,000 per annum. He exists both in the town and the country. He employs his capital mainly in lending. A considerable part is as a rule sunk in grain which he lends to cultivators for seed at high interest, making recovery usually in kind: another part is used in making loans to agriculturists, shopkeepers, artisans or private persons, secured, as a rule, by land mortgages or jewelry.

(d) A fourth class consists of persons belonging generally, so far as occupation and social status are concerned, to one or other of the last two classes mentioned, who have a certain amount of spare capital which they wish but do not know how to invest. The Governor in Council has reason to believe that this class is by no means small: and its existence serves to show that if capital is dormant, it is not necessarily so because the owners are averse to investing it.

(e) Next comes a large and important class consisting of big firms of grain dealers, cloth merchants and traders generally. Such firms are generally enterprising, and often bold in their transactions. They possess considerable resources of their own, and command considerable credit: and though they still deal mainly with the indigenous banker or billbroker, they are now in close touch with the modern banker too. Their experiences during the war period broadened their outlook, and they have now little to learn about commercial finance.

(f) There is an important class, which, for want of a better term, may be described as the "idle rich": it consists of absentee landlords, retired officials and moneyed folk generally. Many of them use a part, often a large part, of their

wealth in the same way as the small capitalist. Some are sufficiently enlightened to use modern forms of investment, notably Government securities; and of recent years some have begun to invest in industrial concerns. But such people invariably have large sums of idle money: and it is in their treasuries that a large part of the hoarded wealth of India lies dormant, in the shape of money, bullion and jewelry.

(g) Another class responsible for keeping substantial stores of wealth in idleness consists of the deities of the Hindu pantheon from the godling of the village shrine, who is recorded as a "proprietor" or "tenant" in the revenue records, to the major deities of the Benares temples. Their wealth, of course, consists of pious gifts from devotees, who belong principally to the last class mentioned.

4. *Extent to which this capital is dormant.*—It is clear from this description that a large amount of capital is not held in the banks, and consequently is not fully available for investment. But it does not follow that it is all dormant.

(a) A large part of it, indeed, is fully active. The mercantile and industrial communities and the professional money-lender of all grades are constantly using their wealth to the advantage of the country. Even the money of a village *bania* is always moving in its own narrow circle, and fulfils an important function. But the methods of such persons are often wasteful with better facilities, they could secure the same effect with less capital: and they require, and would probably welcome, any change that would enable them to use their money to better advantage.

(b) Another large part of this capital is dormant because its owners are willing to use it only in certain specific ways, and are by habit strongly prejudiced against all other kinds of investment. In classes (c), (d) and (f) of paragraph 3 special mention must be made of orthodox Muhammadans who, for religious reasons, decline to accept interest. The prejudice is decreasing but still exists, and even where it has been relaxed it often takes the form of a preference for investment, as the interest is regarded as a share of profit, while placing money on fixed deposit in a bank or the purchase of Government securities would come under the ban. Capitalists will readily invest in a land mortgage or a grain lending business. Many are prepared to sink money in an industrial concern, provided it is their own, and whether they have any expert knowledge of that industry or not. And of recent years they have shown increasing willingness to invest in Government securities, or in enterprises backed or guaranteed by Government. But the scope of such investments is necessarily limited. The average Indian capitalist is by nature and habit distrustful: he prefers to keep his money under his eye, and his investments, if possible, in a visible form, on which he holds a mortgage, crops on which his loans of grain are secured, buildings and machinery appertaining to the industry that he owns. The more enlightened men place some of their money on fixed deposit in joint stock banks, but are easily persuaded to withdraw it, even with loss of interest, if anything like a scare occurs. Ordinarily, the average capitalist is reluctant to put his money in a bank or a private enterprise, of the working of which he knows nothing. In the circumstances, much of his capital necessarily remains inactive.

(c) Last, the large amount of capital which belongs to Hindu temples and shrines must be regarded as not only dormant, but dead: for it is not likely to become available for productive investment within any reasonable period.

5. If this dormant capital is to be made available to a greater extent than at present for investment, it is clearly necessary to examine the needs of the various classes who possess it. On this matter the Governor in Council offers the following comments:—

6. (1) *The small investor.*—The ordinary type of bank is never likely to attract the small investor for the following reasons:—

(a) He is for the most part illiterate and incapable of making use of the cheque system as a method of payment. His ordinary transactions are also too small to require it.

(b) Even if banks were so multiplied that a branch existed in every tahsil headquarters, depositors would often have to travel up to 30 miles to get money, of which, as a rule, they would only require a small amount on each occasion. In such circumstances they would naturally prefer to keep their money in their own possession.

(c) The small investor generally belongs to the agricultural class, whose wealth is more in kind than in cash. He works very largely on credit and would therefore be apt to regard a bank rather as an institution from which he could conveniently borrow, than as one to which he could profitably lend. But his security would generally be land: and the

ordinary bank is averse to handling land mortgages. And the small industrialist, less regularly perhaps, but frequently enough, is also in need of credit: he too has rarely anything to offer as security but immovable property, in the shape of his buildings and plant. If such men find it difficult to borrow, it is certain that they will not be willing to deposit.

7. The Governor in Council suggests that the true solution of the problem of the small investor lies in the development of co-operative credit. The primary society will be at his door: it will accept the smallest deposit: it will give him reasonable credit. It can be linked to the main banking system through the central co-operative bank, thus providing a natural channel for capital to flow either from the centre to the circumference or from the circumference to the centre.

8. *The mercantile community.*—The big merchants and traders of the province already do considerable business with joint stock banks: and these banks already do something to cater for their convenience. For instance, they have "city" branches in larger towns, and also branches in certain towns which are important merely on account of their commerce. In such places, besides ordinary banking business, they assist commerce by a growing practice of holding railway receipts and collecting payments due from consignees. But there are many other places in the province to which the banking system could be extended, with benefit both to the traders and banks themselves. The Governor in Council could mention many important markets in small country towns where large sums of money change hands, yet which, being distant from any treasury, possess no facilities for remittance whatever save the rail or the post. It is obvious that a temporary branch of a bank open during the busy season would be of great advantage to the large firms that buy in these small markets; and that they would welcome an extension of the banking system because it would provide them both with additional remittance and additional credit facilities.

9. *The private capitalist.*—This term, for the present purpose, may be taken as including that class of monied persons, such as the landlord, the retired official, the lawyer or other professional man who, while possessing capital, are not engaged in any business which necessitates its use; the class, in short, which has money available for long term investments. At present, such investments, if made at all, are arranged through local branches of banks, for outside the presidency towns there is neither a stockbroker nor a stock exchange. As a result the private capitalist seldom puts his money in well established concerns: indeed he is often ignorant that such investments are available to him. And in respect of new concerns he is at the mercy of professional company promoters or enthusiastic but ignorant optimists, who have some risky or even wild scheme to finance. In these circumstances it is not surprising that he distrusts any concern which is not directly managed by Government or which does not carry a Government guarantee in one form or another. He would, for instance, be willing to deposit his money in a central co-operative bank or in the Imperial Bank, because he would regard both as "government" concerns: but he would not be equally ready to deposit in a joint stock bank, however well established. And no expansion of the banking system is likely to draw the spare resources of the private capitalist out of his treasury, unless the banks are such as he will trust.

10. If, therefore, India's dormant capital is to be drawn into profitable investments, the following changes appear necessary:—

- (1) For the small investor, expansion of the system of co-operative credit.
- (2) For the private capitalist and the mercantile community, extension of the banking system.

But in the latter case, there are difficulties which cannot be ignored.

(a) Such an extension would be welcome to the mercantile community mainly as affording them improved remittance and credit facilities. But if the banks, when considering the establishment of new branches, are concerned rather with the probable supply of local deposits than with the probable local demand for remittance and credit, it might be difficult to induce banks to open such branches without some assistance from Government.

(b) It is probable that the private capitalist would be willing to place his money in any bank that also held Government money, since he would argue that he could safely trust a bank which Government themselves trusted. That would suggest (in present circumstances) a further expansion of the activities of the Imperial Bank. But the External Capital Committee is undoubtedly correct in saying that consolidation must, in the case of this bank, precede further expansion. The Governor in

Council ventures however to suggest for consideration the possibility of entrusting Government moneys to well-established joint stock banks. It would be necessary, no doubt, to insist on certain conditions, *e.g.*, that such a bank should give security, that it should maintain an account with the Imperial Bank, and that there should be adequate clearing arrangements between the two banks. If such an expedient were possible, it would probably remove the private capitalist's objection to depositing in joint stock banks, whilst it would help to solve the difficulty connected with the creation of new branches mentioned under (a) above, since the new branch in many places would be assured of one large deposit. And finally, Government could also assist to remove the difficulty of finding suitable premises which often arises when new bank branches are created, by allowing the bank to use the existing treasury or sub-treasury premises.

11. The Hon'ble Finance Member, in the speech of which a copy was forwarded with Mr. McWatters' letter No. D. 5121-F., has observed that "if banking in rural areas is to be developed it will have to be by the recognition of the indigenous banking system, and its adaptation, rather than by its supersession by joint stock banks managed on western lines". The Governor in Council agrees that if banking facilities are to be provided, not only in all headquarter stations and important commercial centres, but in all trading industrial towns, there will be need of, and room for, all the banks already in existence, of whatever type. He desires to point out, however, that there are already signs that the indigenous banking system is adapting itself to western methods. There is at least one "indigenous bank" that is, even now, recognised by joint stock banks to the extent that the latter will accept its cheques. Many Government treasurers issue their own cheques (or rather those of the firms to which they belong), and act as bankers in places where no joint stock bank exists. In short "adaptation" has already begun; and, provided that the indigenous banks are prepared to regularize their position according to banking law, "recognition" should not be long delayed. Indeed it does not seem impossible that in course of time the joint stock banks should definitely ally themselves with these indigenous banks, and use them as their agents, especially in the smaller trading centres. The Governor in Council, indeed, knows that the Imperial Bank at all events is in the habit of appointing members of the indigenous banking community to act as their "sub-agents" in places where no branch of the bank exists, which sub-agents manage their local *hundi* business for them: so that the suggested alliance has already been made in this case.

12. One method of attracting money which at present lies dormant would be to encourage the formation of a land mortgage bank obtaining funds by the issue of long term bonds. The security of a mortgage is familiar and attractive and the raising of money by the issue of bonds enables the small investor to participate as the bonds would be negotiable: the investment would also be more liquid than an ordinary mortgage. The Governor in Council has before him a scheme for such a bank with a limited scope, confined to transactions with estates managed by the Court of Wards, which offer exceptional security. Ordinarily the total indebtedness of such estates in these provinces is about 1½ crores. If such a bank were successful, when it had accumulated reserves it might extend its operation to lending money on the security of land not under management. The Government of India will be addressed further on the subject if the scheme develops.

13. Finally, the Governor in Council would make two points of a general nature—

- (a) The numerous bank failures that have occurred during the past dozen years, including those of two important joint stock banks, have caused a feeling of distrust in the class that was sufficiently enlightened to appreciate the advantages of a banking system, and has intensified the inherited distrust of the unenlightened masses. And if confidence is to be restored or created, then it seems probable that Government must be prepared either to assist or at least to control.
- (b) At the present time, the country requires diffusion, not competition, of banking facilities. Only the biggest centres, where business is ample, require more than one bank. Smaller centres require only one, and the advent of a second will certainly cause loss to its predecessor.

14. As regards the method of surveying the whole field of banking, the Governor in Council can only offer suggestions of a general kind.

- (a) He considers that a central committee is required to lay down the general lines, of the inquiry, to direct it, and to collate its results.
- (b) But conditions vary greatly from province to province, and in every province local knowledge is essential. No single committee can possibly survey the

entire field with any hope of success. For the detailed investigations provincial committees are necessary.

- (c) It is probable that before the survey commences an officer must be placed on special duty in every province to collect material and information.
- (d) On any committee, whether central or provincial, there should be present experts in the following branches of the subject :—
 - (1) co-operative credit :
 - (2) joint stock banking :
 - (3) indigenous banking :
 - (4) commerce, carried out on western lines :
 - (5) commerce, carried out on indigenous lines :
 - (6) commercial law : and
 - (7) officials specially acquainted with trade conditions.

Serial No. 16.—LETTER FROM W. BOOTH-GRAVELY, ESQ., I.C.S., SECRETARY TO THE GOVERNMENT OF BURMA, FINANCE AND REVENUE DEPARTMENT, No. 220-J-26 (925), DATED THE 3RD SEPTEMBER 1926.

With reference to Mr. McWatters' letter No. 5121-F., dated the 22nd December, 1925, I am directed to state for the information of the Government of India that the Local Government entrusted the examination of the matters referred to therein to Messrs. C. W. Dunn and S. G. Grantham of the Burma Commission, the former of whom was for some years Registrar, Co-operative Credit Societies, Burma, and the latter has been for over a year on special duty examining questions relating to Land Mortgage Banking and preparing a scheme of national land Mortgage Banks. These officers were directed to discuss the questions referred to the Local Government with representatives of the banking and commercial communities in Rangoon and to submit a joint note embodying, with their own views, the opinions of the banking and commercial representatives consulted.

2. I am now to submit a copy of the joint note submitted by these officers, dated the 11th August, 1926, in which, after explaining the methods which they have followed, they make recommendations in respect of the proposed survey of banking and the procedure to be adopted in the future for dealing with the results yielded by this survey and for carrying out, so far as may be possible and advisable, the recommendations of the External Capital Committee. The lines on which the proposed survey should be conducted are indicated in Appendix I of the note, while Appendix II contains certain suggestions which have not been adopted in the recommended scheme.

3. The Governor in Council is in general agreement with the recommendations contained in the note, and supports strongly the suggestion that Burma should be especially represented on the all-India Committee as the interests of Burma may not coincide with the interests of India and local opinion is sensitive on the point.

SURVEY OF BANKING.

Note on a Preliminary Survey of Banking and the best method of subsequent procedure to develop internal capital resources.

We understand that the intention of the Government of India in its Financial Department letter No. 5121-F., dated the 22nd December 1925, was to ask the Government of Burma for :

- (a) information or suggestions with a view to a survey of the whole field of banking in India, and
- (b) its views regarding the best method of subsequent procedure.

2. These enquiries arose out of consideration of the report of the External Capital Committee which held that the way to free India from excessive dependence upon foreign capital lay in "the encouragement of the Indian investor and the development of India's internal capital resources." Summarising the conclusions of paragraphs 9 to 16 of its report, the Committee made the following record as Item IV in its Summary of Recommendations (page 15 of the report)—

"IV. India possesses a vast store of dormant capital awaiting development, and, in order to make this available for investment, banking facilities must be increased and extended. The examination of the various technical

measures suggested in the replies with this object is outside the scope of the Committee, but we would emphasise the importance of a co-ordinated survey being undertaken at the earliest opportunity of the whole field of banking in India. This should be followed by a detailed examination by an expert committee or committees of the lines along which progress should be effected."

In paragraphs 10 to 16 of its report the Committee indicated some salient matters from the investigation of which useful results might be obtained.

3. It is to be noted that the survey proposed by the Committee was not intended to be directed only or mainly to Government action. At the end of his speech on the 27th November 1925 at Delhi Sir Basil Blackett said: "There are obvious, and I am afraid somewhat narrow, limits within which alone Government action can contribute to a solution of the problems involved." It is necessary as he indicated to rely upon "the initiative of private persons in India, stimulated, encouraged and assisted wherever possible by Government action." The general survey, the Committee says (paragraph 16 of the report), "would at any rate serve to focus public attention on these most important subjects, and would enable Government to determine the questions, a detailed examination of which by experts would be most likely to lead to fruitful results."

4. It should be observed also that the Local Government is not asked yet to make a survey but to furnish information or suggestions with regard to the preparation of the survey, i.e., presumably for the limited purpose of settling the plan on which the survey is to be conducted.

5. We were instructed by Government to discuss informally with representatives of the banking and commercial communities of Rangoon the questions referred to the Local Government by the Government of India, and then to submit a joint note upon those subjects, embodying our own views and the views of those consulted. We accordingly prepared as a basis of discussion a draft of such a note and sent copies of it to the 32 persons mentioned in Appendix III. We sent to all these persons printed copies of the Summary of the External Capital Committee's report which was furnished to us by Government and copies of the speech upon "Indian Banking and Monetary Progress" which was delivered by Sir Basil Blackett before the University of Delhi on the 27th November, 1925. We also offered to send copies of the External Capital Committee's Report to all whom we consulted; and we sent copies to all who asked for them.

6. We received replies from the twelve persons whose names are marked with an asterisk in Appendix III. The opinions received expressed general approval of our draft note and of the subjects for the survey which were mentioned in an appendix to the draft note; but some criticisms and suggestions were made. The alterations suggested by the replies are either mentioned in the following paragraphs, or are incorporated in Appendix I to this note and indicated by italics, or are mentioned in Appendix II which contains those suggestions which we have decided not to incorporate. The alterations thus indicated have not been submitted to all those who were originally consulted.

7. Our proposal with regard to the survey of banking is that a Government officer should be appointed to collect information on the lines indicated in Appendix I to this note with such modifications as may be found advisable as the survey proceeds. The officer should be given discretion also as to the intensity of the survey in any particular part of the field. He should have two or three assistants, of whom one should be a Burman, and one an Indian and the third, if a suitable person can be found, a Chinaman. It is suggested that the Burman should be selected in consultation with the economics faculty of the Rangoon University, and that the Indian should be a person well acquainted with Burma and qualified to give assistance in obtaining information concerning the business of Chettiahs and other Indian financial business in Burma. It is proposed to add a Chinaman in view of the important part which the Chinese take in shop-keeping in the towns and villages, in paddy business and in pawnbroking.

8. Two of the persons consulted were of opinion that the number of assistants proposed is not sufficient. One of them considers that two Indian assistants will be necessary in view of the importance of the Chettiar and other Indian financial businesses: and the other (who also suggested certain extensions of the field of survey) thinks that a larger staff will be necessary for the intensive local enquiries suggested. We would leave it to the officer appointed to be in charge of the survey to justify the appointment of a larger staff, if he finds it necessary.

9. The Committee of the Burma-Indian Chamber of Commerce disapproves the proposal that a Government officer should be appointed to make the survey, and is in favour of the survey being conducted by a small committee consisting of an equal number of officials and non-officials, the latter being representatives of Burman and Indian interests. The recommendation in paragraph 16 of the External Capital Committee's Report is that the first step, "the collection of accurate and up-to-date information of the progress so far made and a comprehensive survey of the whole field" should be undertaken by Government. We think that committees would be more suitable for considering the information provided by the preliminary survey and making recommendations for action than for the work of collecting and compiling the materials of the survey. The experience and training of Government officers will be of advantage for the latter purpose, and particularly in collecting information from official sources. We think that it is not necessary that Burman and Indian interests should be specially represented in the preliminary survey by associating with Government officers persons not in Government service selected with the object of representing interests. We think that any bias against Burman or Indian interests affecting the information in the report of the survey would probably be exposed and brought to the notice of the expert committee or committees which are to be appointed to consider the survey.

10. We think that some co-ordination of the provincial surveys is desirable, but not rigid uniformity. The officers or other persons in charge of the surveys should be instructed to communicate any instructions as to the conduct of their enquiries they may receive from their governments to those in charge of the surveys in other provinces. It would be advisable that the general arrangement of subjects in the reports of the provincial surveys should be decided upon by the Government of India. The heads given in Appendix I to this note are derived from the External Capital Committee's Report, and might perhaps be adopted for the reports of all provinces. We suggest that a year might be fixed as the time within which the provincial surveys should be completed.

11. The Government of India asks for opinions also with regard to the best method of subsequent procedure. We suggest that an All-India Committee should be appointed to consider the results of the provincial surveys and to suggest what further steps should be taken. Though there are many local differences the most important conditions will be found common to several provinces, and there will be an advantage in having the experience and suggestions of different provinces considered by the same body. In addition there is the probability of a more able committee being formed if all India is available for the selection of its members, in whom breadth of experience and knowledge of financial machinery and methods in various parts of the world will be valuable qualities. We agree however with the opinion expressed by the Burma-Indian Chamber of Commerce that Burma should be specially represented on this committee, because we think it unlikely otherwise that the committee will be able to appreciate conditions in Burma.

12. It has been suggested by one of those consulted that there should be three expert committees to deal with (a) opening of new banks or branches, (b) increase of facilities for investment, (c) instruction in banking and accountancy. To us it does not appear advisable to decide upon this suggestion until the preliminary survey has been made. It is evident that most of the problems involved are inter-connected, and it does not appear yet that the range of subjects selected will be too wide to be dealt with by a single committee. The Committee which we propose should however (i) be empowered to obtain any advice or any additional information which it may be desirable and practicable to obtain during its sessions, and (ii) be charged with the duty of making such recommendations for action, either by Government or by private agencies, as may appear to it expedient on matters involved in the development of internal capital resources by improvements relating to banking. The duties of this committee under the latter head might perhaps be declared to include the making of recommendations for further enquiries into special subjects, if any such further enquiries appear desirable. If, as we think probable, the original committee could not continue as a standing committee while these further enquiries were being made, there would not be the advantage of having the conclusions and proposals arising out of these enquiries co-ordinated by that committee; but we think that probably, if the further enquiries (if any) are undertaken in pursuance of the recommendations of the first committee, no further co-ordination will be practicable or necessary.

C. W. DUNN.

S. GRANTHAM.

The 11th August, 1926.

APPENDIX I.

A SURVEY OF BANKING IN BURMA.

NOTE.—Subjects shown in italics were not included in the draft note circulated for discussion some of these were suggested by persons consulted. Some minor changes in the mode of expression have also been made.

1. *New Branches of the Imperial Bank.*—The officer in charge of the survey should be permitted to apply to the Imperial Bank for information regarding the results of the opening of new branches in Burma and the nature of their business, and about any proposals for extension of their business or for opening more new branches.

2. *Development of Banking of European Type.*—Information should be obtained regarding the development in Burma banks of the European type (whether owned or managed by Europeans or by others) as to the number of banks and branches and the nature and volume of their business and the classes of customers they deal with and any tendencies which may be observed relevant to the survey. Both the extension of the activities of banks and the formation of new banks should be studied.

3. *The Indigenous Banking System.*—This head, together with heads 8 and 9 so far as the indigenous banking system is concerned with them, will demand more time and consideration from the officer and his assistants than any other part of the survey, both on account of its importance in present conditions and for future development of the internal capital resources of Burma and on account of the lack of information available in published reports and statistics. In order to limit the time spent on this part of the survey it is suggested that the officer and his assistants (a) should collect and summarize such general information and statistics as are available, and (b) should make a detailed survey (i) in Rangoon, (ii) in one or two selected towns in each of the Commissioner's Divisions in Burma, (iii) in four selected districts including both urban and rural conditions.

It is understood that co-operative banking is included in "indigenous banking." An important development, which should be included in the survey of "indigenous banking", is pawnbroking, the extent of which is indicated by the yield of license fees, which amounted in 1923-24 to Rs. 2,75,496 in Municipal towns excluding Rangoon and in 1924-25 to Rs. 1,70,285 in the territories of the District Councils. The survey under this head must include all grades of banking business (as indicated in paragraph 11 of Sir Basil Blackett's speech) down to the village money-lender and the money-lenders who finance bazar-sellers in the towns.

The survey should include, besides a general review of the development of indigenous banking, descriptions of the methods of business prevailing in each class of banking as to (a) efficiency of account keeping, (b) sources of working capital, (c) arrangements relating to cash resources and liquidity of assets, (d) methods of remittance, (e) custody of cash and valuables, (f) the manner of receiving and paying out moneys, (g) the nature of, and method of valuing, securities for advances, and (h) the charges made for advances.

The officer in charge of the survey should keep in mind the problem of fitting the indigenous banking system into a modern system of banking as suggested in Sir Basil Blackett's speech of the 27th November 1925 at Delhi.

4. *Banking Education.*—The officers conducting the survey should obtain information (1) as to the existing conditions regarding the training of the various grades of bankers both in banks of the modern western type and in indigenous banking business and as to the suitability for higher training of the persons employed in those grades, (2) as to the number of persons domiciled in Burma who have received, or are now undergoing, professional bankers' training, (3) regarding the results and prospects of any facilities for banking education which have been offered by Government and by the Imperial Bank or by other banks in Burma, and (4) regarding the employment available for persons who have been trained in banking.

5. *Supply of Auditors and Accountants.*—The survey should supply information as to the increase in Burma of the numbers of accountants qualified to audit companies and as to the demand for their services. The reports should contain information about the action which Government has taken to improve accountancy in Burma and the facilities existing and proposed for professional training. An account should be given of the auditors (other than government officers appointed as auditors) authorized to audit various classes of co-operative societies.

Information should also be given as to the scope existing for qualified accountants in banks, railways, municipalities and other businesses and public institutions, irrespective of the demand for their services as auditors, since the scope for such employment is more effective in regulating the supply of qualified accountants than the demand for auditors.

6. *Post Office Cash Certificates and Savings Banks.*—Statistics of savings bank deposits in the Post Office and in the Imperial Bank and the sale of Post Office cash certificates in Burma for recent years can no doubt be obtained without difficulty. Information is required as to the classes of depositors and purchasers of cash certificates and any circumstances relevant to the increase of the number of depositors and investors and the aggregate amount of the deposits and sales, including improved facilities or benefits offered to savings bank depositors. The use made of the capital thus made available in the financial system should be explained for the information of the public. The survey should cover also the savings banks of co-operative institutions and of any other savings banks which are working in Burma.

Particular attention should be given to the encouragement offered to depositors of small amounts.

7. *Dealings in Securities.*—The procedure at present used by the public in dealing with government securities in Burma and especially as regards Burmese or Indian holders or purchasers outside Rangoon should be described, and information as to the annual value of transactions should be obtained if possible. *Similar enquiries should be made, if possible, in relation to other investments. The possibility of extending public debt office facilities to Rangoon and perhaps to other towns and the possibility of creating in Burma a money market on modern lines should be studied.*

Inconveniences and difficulties experienced in the transfer of government securities and in the working of the rules regarding endorsement should be enquired into; and the nature and history of any schemes which have been started or proposed to facilitate transfers of government securities, including the scheme of the Imperial Bank for sale and purchase on behalf of the public, should be described. Enquiry should be made about the arrangements proposed for the marketing of bonds issued by land-mortgage banks.

8. *Credit Facilities* (with reference to the attraction of internal capital).—In accordance with the general purpose of the survey the collection of information under this head should be directed to showing how far the credit facilities dealt with can be correlated with (a) the use of internal capital either directly by the owners or by banking institutions receiving deposits from the public, and (b) the bringing into circulation of such wealth as is in the condition of "dormant capital" in the possession of the people of the country.

An account should be given of the history of Government's agricultural advances for short and long periods in Burma, and of arrangements with co-operative banks for disbursement and recovery. With the aid of the Registrar of Co-operative Societies and of the officer employed in connection with land-mortgage banks a review can be made of the financial conditions of agricultural credit and the relations of long and short-term advances to deposits and to debentures or share capital in so far as co-operative institutions and the proposed land-mortgage system are concerned. Credit afforded to cottage industries by Government, and the place taken by co-operative banks in the arrangements should be described. An account should be given of the credit facilities afforded by Government and the banks to the rubber and tin-mining industries in Burma during and since the war, and later to the Burma Cotton Spinning and Weaving Company, and of other schemes undertaken or proposed for Government assistance in the financing of industries. Information should be given as to the other methods by which, and the other sources from which, industries in Burma (other than those owned by persons from, or by companies registered in, places outside India and Burma) are financed. The rice-mill and saw-mill industries, fisheries and *ngapi*-making and indigenous tobacco manufacture and engineering enterprises—for example motor repair shops—might be selected for this purpose. Reports on this subject can perhaps be obtained from the office of the Registrar of Co-operative Societies and could be supplemented by local enquiries by the officer in charge of the survey and his staff in towns and districts selected for detailed survey of the indigenous banking system.

The procedure adopted by banks and Chettians in making advances and the part played by guarantors of such advances should be described.

The officer in charge of the survey should obtain statistics of the borrowings of the Rangoon Port Trust, the Rangoon Development Trust and of municipal and other local authorities including both government loans and non-government loans and

information regarding their borrowing powers, the security they are able to offer and statutory rules concerning sinking funds, rates of interests and periods of repayment.

Some examination of these seasonal variations in Burma of the demand for money and credit, and of the means by which the supply is adjusted to the demand, will be necessary because of the effects which these conditions may have upon the attraction of internal capital into circulation.

9. *The use of Negotiable Instruments for financing the Produce of Industry and Agriculture.*—This head would require local enquiries which could be made during the detailed surveys of selected towns and districts. *The nature of any inconveniences and difficulties affecting the negotiable instruments at present in use should be enquired into and explained.* The extent to which and the manner in which produce or goods placed in godowns or warehouses are used or are available for use as security in connection with such documents and the extent to which and the manner in which railway or steamer receipts are used in connection with credit should be examined. Specimens of documents used in giving advances for paddy, cotton, etc., (*sabape, wape, pippe*, etc.), and of other documents used in connection with indigenous credit should be obtained, and the methods of business in which they are used should be described with regard to possibilities of improvement.

10. *Vernacular Scripts and Banking Facilities.*—The officer in charge of the survey should seek any information that can be obtained from banks as to the use of cheques by persons who use vernacular scripts. The experience of the co-operative banks on this subject and of other banks managed by Indians or Burmans should be described.

11. *Government Supervision.*—*A review of bank failures or frauds upon the public committed in Burma by persons carrying on business of the nature of banking should be included in the survey with regard to the possibility of safeguarding the public by Government supervision.*

12. *Internal Capital in Burma.*—The officer in charge of the survey should enquire into the growth, distribution and circulation of internal wealth and capital in Burma. It is impossible to decide beforehand what information is relevant and can be obtained without unreasonable expense and delay. The officer must decide on the selection of information for his report. *It is advisable that general statistics and general information upon which conclusions regarding internal wealth may be founded should be supplemented and checked by enquiries in selected areas as suggested with regard to the survey of indigenous banking under Head 3. Such local enquiries however should not be enlarged into an elaborate collection of records regarding the standard of living and the income and expenditure of individuals or households.*

APPENDIX II.

Opinions which have not been adopted in the Proposals.

1. Several of those consulted expressed doubt as to the existence of any large amount of dormant capital in Burma.

2. Several of the replies (including that of the Burma-Indian Chamber of Commerce) suggested that the survey should include enquiry into the alleged discrimination between Europeans and Indians or Burmans in the granting of credit by the Imperial Bank and other banks under non-Indian management. We think that any tendency of this kind which may be observed, in so far as it is relevant to the objects of the general survey, would come within the scope of Head 2 of Appendix I. A special enquiry into racial discrimination in banking appears to be of doubtful relevancy.

3. One of those consulted expresses disagreement with the implication of Item IV of the Summary of recommendations in the Report of the External Capital Committee "that all the dormant capital can be developed by extending banking facilities or that it is desirable to attract it into banking." He considers certain other measures besides the survey of banking to be necessary including, "an industrial survey of the Province more or less on the lines on which it has been carried out in the United Provinces", enquiry into "the causes which at present prevent direct investment in industrial concerns" and "development of industrial banking." Industrial banking, so far as anything of that kind exists at present or has existed in the past is

not excluded from the survey as described in the Appendix I; and direct investment in industries has been mentioned in Head 8. We think that though banking may be regarded as part of the general industrial atmosphere of a country it is not advisable that in the survey now proposed attention should be diverted from banking to the other subjects which would be involved in a general survey of industry.

4. The same critic of our draft note suggested the local enquiries regarding internal wealth which we have added under Head 12 of Appendix I, and also suggested that the enquiry should be further extended so as to include enquiry into the standard of living and the income and expenditure of the people of the locality. But the purposes of the proposed survey are to show the progress in banking already made and to indicate whether and in which direction further progress is required or possible; we think that for these purposes sufficient evidence regarding the growth, distribution and circulation of internal wealth can be obtained without any elaborate enquiries into the standard of living or the income and expenditure of the people.

APPENDIX III.

LIST OF PERSONS TO WHOM THE DRAFT NOTE ON THE PRELIMINARY SURVEY OF BANKING PROPOSED BY THE EXTERNAL CAPITAL COMMITTEE, 1925, WAS SENT.

1. The Manager, Burma Urban Co-operative Central Bank, Limited, 4, Maung Tawle Street.
2. The Manager, Dawson's Bank, Limited, Pyapón.
- *3. The Agent, The Imperial Bank of India, Strand Road, Rangoon.
4. The Manager, The National Bank of India, Limited, 3, Phayre Street.
5. The Manager, The Netherlands Trading Society, 9, Merchant Street.
- *6. The Manager, The Yokohama Specie Bank, Limited, 17, Strand Road.
- *7. The Secretary, Burma Chamber of Commerce, Sharfraz Road.
8. The Secretary, Burmese Chamber of Commerce, Post Box No. 540.
- *9. The Secretary, Burma-Indian Chamber of Commerce, 7, Mogul Street.
10. The Secretary, Chinese Chamber of Commerce, 17, Latter Street.
- *11. The Secretary, Rangoon Trades Association.
12. The Secretary, Rangoon "Rice Brokers" Association, Merchant Street.
13. The Secretary, Rangoon Stock Exchange, Sooniram's Buildings, Merchant Street.
- *14. J. C. MacKenzie, Esq., Commissioner of Income-Tax.
- *15. G. B. Hall, Esq., C.A., 70, Phayre Street.
- *16. Messrs. Stuart, Smith and Allan, 12, Phayre Street.
17. T. R. Narasimham, Esq., G.D.A., 69, Merchant Street.
18. J. E. DuBern, Esq., O.B.E., K.-I.-H., 5, Sule Pagoda Road.
19. U Ba Pe, B.A., M.L.C., Rangoon East.
- *20. S. A. S. Tyabji, Esq., M.L.C., Rangoon East.
21. Adamjee Hajee Dawood, Esq., M.L.C.
- *22. J. Hogg, Esq., M.L.C., Merchant Street.
- *23. A. V. Ramasubba Iyar, Esq., B.A., G.D.A., etc., Commercial Accountant, Utilization Circle, 46A, Dalhousie Street.
- *24. B. N. Kaul, Esq., University College, Rangoon.
25. M. A. Muthia Chettiar, C/o. S. M. R. M. M. of Mogul Street.
26. The Editor, "Rangoon Gazette".
27. The Editor, "Rangoon Mail".
28. The Editor, "Rangoon Times".
29. The Editor, "Star of Burma".
30. The Editor, "Rangoon Daily News".
31. The Editor, "New Burma".
32. The Editor, "Burma Exchange Gazette".

Serial No. 17.—LETTER FROM THE MANAGING GOVERNORS OF THE IMPERIAL BANK OF INDIA, No. 3013, DATED THE 6TH SEPTEMBER, 1926.

In our letter No. 1432, we wrote that we would address you separately at a later date on the subject of the development of the use of Negotiable Instruments.

The principal Negotiable Instruments in internal use in this country are:—

- (1) Hundie (a) Usance.
- (b) Demand.
- (2) Cheques.
- (3) Bank Drafts.

With regard to usance Hundis, there is no doubt but that the present high rate of Stamp Duty which these instruments attract has a detrimental effect on their use and we are of opinion that so long as these high rates are maintained any development of the use of usance hundis is improbable.

We have no suggestions to make regarding the development of the use of demand hundies: this form of negotiable instrument is being increasingly used for remittance purposes, as is clearly brought out on page 19 para. 23, of the Report of the Controller of the Currency for the year 1925-26.

With regard to cheques, the two chief obstacles in the way of the development of the use of cheques in this country are, we consider, the stamp duty and the number and variety of the vernaculars. The abolition of the stamp duty on cheques is recommended by the Royal Commission on Indian Currency and Finance, in para. 216 of their Report, and we would say that we are in entire agreement with the remarks in that paragraph.

As regards the other obstacle, the European Banks in this Country are unable to permit cheques made out in the vernaculars to be drawn on them freely (although they do permit it to a limited extent, with certain safe-guards) because vernacular signatures, at any rate to European eyes, lack, as a rule, the character which is usually inherent in signatures in English and forgeries are difficult to detect. We are, as you are doubtlessly aware, training a large number of Indians in Banking and as time goes on, and these men gain the necessary experience, it should be possible to extend the practice of permitting cheques to be drawn on the Bank in the vernaculars.

With regard to our remarks in our letter under reference on the subjects of Government Securities and the Public Debt Offices, we would say that in view of the Currency Commission's recommendations for the establishment of a Reserve Bank, which would take over the management of the Government of India Debt, we consider that further discussion had best be postponed until the general position is clearer.

With regard to the establishment of an Indian Institute of Bankers we enclose, for your information, a copy of a Circular letter which we recently addressed to the principal Banks in India on the subject. From the replies to our questionnaire which are now coming in it would appear that the necessary support will be forthcoming and that it will be possible to establish the Institute in due course.

COPY OF A CIRCULAR LETTER FROM THE MANAGERS OF THE IMPERIAL BANK OF INDIA TO THE PRINCIPAL BANKS IN INDIA, DATED THE 28TH JUNE, 1926.

With reference to our letter of the 30th December last and your reply of the , we have to advise that while Sir Norcot Warren has been in London on the Indian Currency Commission he has taken the opportunity to discuss with the Secretary of the English Institute of Bankers the proposal for the formation of an Indian Institute of Bankers, the question of the latter being made a *Branch* of the English Institute was brought up again for consideration but the Secretary of the English Institute was definitely of opinion that we should form our own Institute in India, the principal reason being that although the English Institute deals with matters concerning Banking in general it is not sufficiently in touch with Indian affairs and conditions to undertake successfully the management of a Branch there.

The Secretary of the English Institute has however given an assurance that in the event of an independent Institute of Bankers being formed for India we

can rely on the English Institute for any advice and assistance which may be found necessary including, if desired, assistance in setting the annual examination papers.

It would therefore appear desirable that the scheme outlined in our letter under reference should be proceeded with and that steps should now be taken to form an independent Institute of Bankers for India on lines analogous to those of the English Institute. The first step in this direction would appear to be the appointment of a Secretary to whom would be entrusted the duty of organising the Institute, drawing up the Constitution, framing Rules, etc., precisely on the lines of the English Institute of Bankers.

As the desire for an Institute appears to be strongest in Bombay, it is suggested that the Head Quarters of the Institute should, in the first instance at any rate, be established there: centres being opened elsewhere as experience may show to be desirable.

Appointment of Secretary.

The ultimate success of the Scheme will to a great extent depend on the Institute being started on a proper basis and it is therefore necessary that the Secretary should possess suitable qualifications. This matter was discussed with the Secretary of the English Institute who has offered to endeavour to obtain in England, if desired to do so, a suitable man of about 30 years of age as Secretary for the Indian Institute. The question of salary and terms of Agreement were also discussed and it was considered that in order to obtain the right type of man his salary should not be less than Rs. 1,500 per mensem, *plus* travelling and out of pocket expenses in cases where the Secretary has to leave his headquarters on visits to other Centres in India with a view to extending the activities of the Institute; and that the term of Agreement should be for 5 years with provision for extension of service subject to satisfactory service and the successful formation of the Indian Institute.

If it is decided to engage a Secretary from England, the Institute of Bankers in London will permit him to work in their Institute for say three months in order that he may acquire a thorough inside knowledge of the working of the Home Institute.

General Expenses.

In addition to the salary of the Secretary and his passage to India there will be considerable expenditure in respect of Establishment, Rent, Stationery, Lights and Fans, Periodicals, Nucleus of a Library, Lecturer's fees, Examination expenses, Magazines, etc.

It is not possible at this stage to estimate with any degree of accuracy what these items are likely to amount to but against them fall to be placed the sums to be received from the Members of the Institute in respect of Membership and Examination fees. It is, however, necessary to make an estimate as a basis on which to work and we suggest that Rs. 30,000 be taken as the probable total net annual cost of running the Institute in the initial stages of its existence.

On this basis we shall be glad to know if you will be prepared, jointly with the other Banks in India to contribute each year for a minimum of five years a proportionate sum sufficient to cover the net cost of running the new Institute. The amount of such contribution will depend entirely of course on the number of Banks willing to subscribe but we suggest that proportionate contributions with maxima of Rs. 1,500 down to Rs. 500 per annum would be reasonable amounts. We propose to fix the Imperial Bank of India's maximum contribution at Rs. 3,000 per annum—(the proportionate contribution would be calculated on the basis of the Maximum figures fixed for each Bank).

We shall be glad to know if this proposal commends itself to you and if you will be prepared to guarantee up to a maximum of Rs. _____ per annum for a minimum period of five years.

As funds will be required to commence the Institute it is suggested that all Banks might make an initial contribution for the first year of the maximum amount proposed: and there would therefore be no further call on them for that year.

We shall be glad if you will kindly let us have your opinion on the questions raised in this letter in the form of replies to the short questionnaire attached.

On receipt of replies from the Banks who are being referred to, and in the event of there being an unanimity of opinion on the proposals set out herein, we propose to call a Meeting in Bombay of the Bank Managers in Bombay to have a general discussion on the subject of the formation of the Indian Institute of Bankers.

Similar letter(s) ^{has} ~~have~~ been addressed to your Office(s) in

INDIAN INSTITUTE OF BANKERS.

Questionnaire.

1. Do you approve of the proposal to appoint an organizing Secretary as a preliminary step in the formation of an Indian Institute of Bankers.
2. Do you approve of the proposal that a suitable man should be sought for in England, with the assistance of the Secretary of the English Institute.
3. Do you approve of the proposal that the Secretary's salary should be not less than Rs. 1,500 per mensem, *plus* travelling and out-of-pocket expenses.
4. Do you approve of the proposal that the term of his Agreement should be for five years, with provision for extension of service subject to satisfactory service and the successful formation of the Indian Institute.
5. Are you prepared to guarantee a maximum contribution of Rs. _____ per annum for a minimum period of five years and to make an initial contribution for the first year of the above maximum amount.

Serial No. 18.—LETTER FROM J. K. MEHTA, ESQ., M.A., SECRETARY, THE INDIAN MERCHANTS' CHAMBER, NO. T-1839, DATED THE 15TH SEPTEMBER 1926.

With reference to the correspondence ending with my letter, No. T-1222, dated 3rd June, 1926, regarding the proposal to reduce the one anna stamp duty on cheques, to the Government of Bombay, Finance Department, I am directed by my Committee to draw your attention to the recommendation of the Royal Commission on Indian Currency and Finance in paragraph 116 of their report regarding the abolition of Stamp Duty on Bills of Exchange.

My Committee trust that the Government of India will see their way to give effect to this important recommendation of the Royal Commission at an early date. (Acknowledged).

LETTER FROM THE FINANCIAL SECRETARY TO GOVERNMENT, CENTRAL PROVINCES, No. 4003/21/X, DATED THE 10TH NOVEMBER 1926.

I am directed to reply to your letter No. D-5121-F., dated the 22nd of December, 1925, forwarding two copies of the Report of the External Capital Committee of 1925. The Government of India desire to be supplied with any information or suggestion which the Local Government may be in a position to offer on the subject of the preparation of a survey of the whole field of banking and the best method of subsequent procedure. The External Capital Committee found that it would be more advantageous to India for its requirements of new capital to be supplied from internal than from external sources and that since it possessed a vast store of dormant capital, additional banking facilities should be provided to make this available for investment. The object to be secured is therefore the bringing into circulation the hoard of buried or dormant capital which it is notorious India possesses. In this province with its predominant agricultural interests it is therefore the drawing out of the agriculturist's dormant capital and the financing of his capital requirements which are the important features of the problem. So far as this is concerned, I am to point out that the whole subject will be exhaustively explored by the Royal Agricultural Commission now sitting and that its views and recommendations should, in the opinion of the Local Government, first be awaited.

2. At present in this province banking facilities are provided by large well organised banks, such as the Imperial and the Allahabad Banks, with their numerous branches, by indigenous bankers and financial houses varying in importance from firms like that of Rai Bahadur Bansilal Abirchand, to that of the local Saakar, by Co-operative Societies and Banks and lastly by the Post Office. So far as the agriculturist is concerned, it is principally to the indigenous private banker, who is also often a middle-man or trader for the disposal of the agriculturist's crops, or to the Co-operative Society that he must look for funds for financing his agricultural operations, and it is also to one or other of these institutions or to the Post Office that he would naturally look for an outlet for his surplus capital.

3. With these general provisions in view the Local Government desires to make the following suggestions with regard to the preparation of the proposed survey :

- (a) Information regarding the larger well organised banks and the co-operative movement can be obtained fairly easily from the various bank Directors.

and Registrars. Enquiries might also usefully be made to ascertain the extent to which Government treasuries are being made use of for making remittances, and for the sale of hundi stamps; and from the various stamp departments regarding the extent to which cheques are issued by bankers and the relative growth which has been occurring in recent years. Such information would be of value in considering the extent to which the banking and investing habit is developing in the India of to-day.

(b) For indigenous banks and financial houses, large and small, the collection of valuable information will be more difficult. One point that may be noted is that the larger private banks undoubtedly feel aggrieved at, or at least are envious of, the favoured position of the Imperial Bank from its having the use of Government balances and the prestige arising therefrom. So far as these firms are concerned, it is for consideration whether in the event of the Imperial Bank not being in a position to open a branch in any Tahsil or District Headquarters owing to the volume of business being insufficient to justify such extension, Government could under certain conditions allow a reputable local private bank the privileges enjoyed by the Imperial Bank. It is obvious that stringent conditions would have to be imposed and adequate safeguards adopted and that even then a certain amount of risk would have to be run. Subject to this, the experiment would appear in favourable circumstances to be worth a trial.

(c) As regards postal banking facilities, I am to suggest that the raising of the interest for Post Office Savings Banks deposits might be considered. How far also an extension of the system of Post Office Savings Banks in rural areas is feasible is a further matter for investigation, and inquiries might also be directed towards the development of cash certificates with a view to popularise these in rural areas. The onus for instance might be thrown on the postal authorities to see that matured certificates are promptly repaid to certificate holders and statistic showing the extent to which these have lapsed in recent years might be of interest.

4. In reply to the second question mentioned in your letter, namely, the best method of subsequent procedure, I am to state that the Local Government would favour a single select committee and that its appointment should be deferred till after the recommendations of the Royal Agricultural Commission have been received and considered by Government. In the meantime inquiries such as those suggested in the preceding paragraph of this letter might be undertaken so as to have information and material ready at hand when the Committee is finally appointed and on which it can decide how best to proceed with its investigations. All the subjects with which this committee will have to deal are, in the opinion of the Local Government, so interdependent that the functions of several committees to report separately on special problems are likely to overlap and it would be necessary to have some agency to co-ordinate the recommendations. A single thoroughly representative committee would therefore appear to offer the best procedure for the preparation of the proposed survey.

LETTER TO THE MANAGING GOVERNORS, THE IMPERIAL BANK OF INDIA, CALCUTTA,
No. F.-25-F.—26, DATED THE 13TH DECEMBER, 1926.

I am directed to invite a reference to the last paragraph of your letter No. 3013, dated the 6th September, 1926, regarding the establishment of an Indian Institute of Bankers, I am to enquire whether replies have been received from all the banks addressed on the subject, and when you propose to call the meeting for a general discussion on the subject of the formation of the Institute.

2. I am to take this opportunity of addressing you on the subject of obtaining statistics regarding banking facilities afforded by the indigenous banking system in India. Very little information is at present available on this subject and before a Committee can be appointed to ascertain whether this system can be adapted to modern banking conditions and used to supplement the facilities afforded by the Imperial Bank and by the joint stock banks constituted on western lines, it is necessary to collect some preliminary statistics regarding the present banking facilities in India. The Government of India, therefore, propose to define for this purpose a bank as an institution which receives deposits of money on current account subject to withdrawal by cheque or draft and to request Provincial Governments to obtain a list of such non-incorporated banks at places where there is no branch of the Imperial Bank of India and their places of business. I am to request that agents of the Imperial Bank may be asked to furnish the necessary information in regard to places where there are branches of the Imperial Bank.

LETTER TO ALL PROVINCIAL GOVERNMENTS AND MINOR LOCAL GOVERNMENTS,
No. F.-25-F.—26, DATED THE 13TH DECEMBER, 1926.

SUBJECT:—*Report of the External Capital Committee—Indigenous Banking System.*

I am directed to address you on the subject of obtaining statistics regarding indigenous banking system in India. The External Capital Committee have recommended the appointment of a Banking Committee to examine whether the indigenous banking system can be adapted to modern banking conditions and used to supplement

in India afforded by indigenous banks. I am therefore to request that arrangements may kindly be made for obtaining through the district offices a list of all non-incorporated banks at places where there are no branches of the Imperial Bank of India together with their places of business and that the lists may be forwarded to this department before 1st May, 1927. For this purpose, a bank may be defined as an institution which receives deposits of money on current account subject to withdrawal by cheque or draft. Similar information for places where there are branches of the Imperial Bank of India is being obtained through the Imperial Bank.

LETTER FROM THE MANAGING DIRECTORS, IMPERIAL BANK OF INDIA, No. I.—10-4395,
DATED THE 17TH DECEMBER, 1926.

In reply to your letter No. F.-25-F.—26 of the 13th instant we have the honour to say that we propose to call a meeting of the interested Banks, for a general discussion on the subject of the formation of an Indian Institute of Bankers, on our return to Bombay towards the end of February next year. As the headquarters of the Institute will most probably be in Bombay, where most interest is being displayed in the movement, we consider it desirable to hold the meeting there and not in Calcutta.

In reply to the second paragraph of your letter we have to say that we are circulating our various offices for the required information and will furnish it in due course.

LETTER FROM THE CHIEF COMMISSIONER, ANDAMANS AND NICOBAR ISLANDS, No. 4530,
DATED THE 11TH JANUARY, 1927.

SUBJECT:—*Report of the External Capital Committee—Indigenous Banking System.*

With reference to your letter No. F.-25-F.—26, dated the 13th December, 1926, I have the honour to state that there are no non-incorporated banks in existence in this Administration.

DISCUSSION OF TAXATION INQUIRY COMMITTEE'S REPORT.

152. ***Kumar Ganganand Sinha:** Will the Assembly have an opportunity of discussing the Report of the Taxation Inquiry Committee during the current session? If so, in what form will the recommendations be presented for discussion? If not, why?

The Honourable Sir Basil Blackett: The attention of the Honourable Member is drawn to the statement made in the Assembly by the Honourable the Home Member on the 19th August 1926.

COST TO INDIAN EXCHEQUER OF ROYAL COMMISSION ON AGRICULTURE.

153. ***Kumar Ganganand Sinha:** What allowances and concessions if any, are granted to the members of the Royal Commission on Agriculture from the Indian exchequer?

The Honourable Mr. J. W. Bhore: A statement of the terms sanctioned for the Members of the Royal Commission on Agriculture is placed on the table.

STATEMENT.

- (a) Chairman and non-official Members from United Kingdom.
 (b) Official Members from United Kingdom.
 (c) Non-official Members from India.
 (d) Official Members from India.
 (1) If British, (2) If Indian.

Salary—

In United Kingdom.	In India.
(a) None.	None.
Payment of substitute if requested.	Payment of substitute if requested.
(b) Official salary.	Official salary.
(c) None.	None.
Payment of substitute if requested.	Payment of substitute if requested.
(d) (1) As for Deputation.	Substantive pay.
Substantive pay if not entitled to overseas allowance; if so entitled as for deputation.	Substantive pay.

Personal Allowance—

(a) None.	Rs. 1,500 per mensem. (£100 on voyages).
(b) None.	Ditto.
(c) £100 a month while detained for Commission (and on voyage).	Rs. 1,500 a month, if represented as necessary.
(d) (1) None.	None.
(2) None.	None.

Subsistence Allowance—

(a) £1-5-0 per diem subject to India Office travelling rules.	Rs. 10 per diem continuously.
(b) Ditto.	Ditto.
(c) £1-5-0 continuously while with commission.	Ditto.
(d) £1-5-0 per diem subject to India Office travelling rule, or, alternatively 16-8 a day throughout for period of duty in England.	Ditto.

Travelling Fares—

In United Kingdom and on voyage.	In India.
For (a) to (e) First Class Fares.	Travelling expenses admissible to an officer of the first class under C. S. Regulations.

(N.B.)—For purposes of these rules London will be deemed Headquarters of the Commission, except for members of Class A who represent that their place of residence is in the provinces.

(NOTE.—The members have been exempted from paying income-tax on their personal and subsistence allowances. The baggage of the Chairman and those Members who came out from England was exempted from customs duty. The whole cost will be met from the Indian Exchequer.)

SALE OF REVERSE COUNCIL BILLS.

154. ***Kumar Ganganand Sinha:** Will the Government be pleased to state why Reverse Council Bills worth five millions have been issued? What effect, if any, has the issue had on the exchange ratio? Why was not the Legislature consulted before the Government took such a step?

The Honourable Sir Basil Blackett: No Reverse Council Bills have been offered for sale by Government in the current year. At the beginning of April, 1926, it was announced that the Imperial Bank of India were prepared to sell sterling without stated limit of amount on behalf of the Government at the export gold point corresponding to the ratio of 8·47512 grains of fine gold per rupee, that is, at 1s. 5½d. per rupee for telegraphic transfers. This offer was not taken advantage of until the beginning of December when sterling to the amount of £1,425,000 was sold. Since that date the Government have purchased sterling to the extent of £1,195,000 at higher rates so that these operations have not only served to maintain stability of exchange in accordance with the policy of Government as declared in August last but have also brought in an appreciable profit for the taxpayers' benefit.

The attention of the Honourable Member is invited to the Debates in the Assembly on the Currency Bill of August last. It was then made clear that the Assembly, by adopting the motion for the circulation of the Bill, accepted the position that Government would continue to take such steps as might be necessary to prevent the exchange value of the rupee from rising above or falling below the gold points.

Lieutenant-Colonel H. A. J. Gidney: Regarding the sale of Sterling in December, will the Honourable Member tell the House whether it was the result of the Currency League's agitation that led to it being done?

The Honourable Sir Basil Blackett: Yes, Sir, I think it was. I think we owe to the Currency League the profit that we have made.

CHARGES OF THE EMPLOYMENT OF A CONTINGENT BY THE GOVERNMENT OF INDIA IN THE MILITARY OPERATIONS IN CHINA.

***Mr. S. Srinivasa Iyengar:** (a) With reference to the agreement of the Government of India to co-operate in the military operations in China by contributing a contingent including Indian troops, will Government be pleased to state whether any arrangement has been come to with His Majesty's Government regarding the payment of the charges of the employment of the contingent in the said operation?

(b) If so, will Government be pleased to state whether any, and if so, what part of the charges is debitable to Indian revenues?

Mr. G. M. Young: (a) and (b). No special arrangement has been entered into with His Majesty's Government in regard to the contingent because the case is already provided for by section 22 of the Government of India Act under which no part of the expense can be charged to the exchequer of India without the consent of both Houses of Parliament.

UNSTARRED QUESTIONS AND ANSWERS.

CONSTRUCTION OF THE SINGHJANI-PINGNA RAILWAY.

4. **Mr. Dharendra Kanta Lahiri Chaudhury:** (a) Are Government aware that the Agent of the Eastern Bengal Railway submitted to the Railway Board early last year the report on the traffic survey for a line of railway from Singhjani, a station on the Mymensingh-Jagannathganj section of the said Railway, *via* Tangail, to Pingna, a point on the Jamuna river?

(b) Has the construction of the proposed line been sanctioned by the Railway Board?

(c) If so, when will the work of construction be taken in hand?

Mr. A. A. L. Parsons: (a) An estimate for carrying out a traffic survey of the proposed Singhjani-Tangail-Jamuna River Railway was sanctioned early last year. The report on the survey is awaited from the Agent, Eastern Bengal Railway.

(b) No.

(c) Does not arise.

HARDSHIP OF EXTRA PONTAGE CHARGE ON ACCOUNT OF BRAHMAPUTRA BRIDGE ON ASSAM-BENGAL RAILWAY.

5. **Mr. Dharendra Kanta Lahiri Chaudhury:** (a) Are Government aware that an extra pontage charge of 10 miles has been levied on account of the Brahmaputra Bridge between Mymensingh and Sambhuganj on the Mymensingh Bhairab Bazar section of the Assam Bengal Railway?

(b) Have Government any information that this pontage charge is causing considerable hardship to the travelling public, especially to the poor passengers?

(c) Will the Government be pleased to state whether there is any likelihood of the pontage charge being abolished before long?

Mr. A. A. L. Parsons: (a) Yes

(b) and (c). We have had representations to this effect, and in consequence took up the matter with the managing agents of the railway company, but it was ascertained that a reduction by half of the pontage charged on passenger traffic only and not on goods traffic would mean a loss of nearly Rs 40,000 per annum without a prospect of any substantial increase in the number of passengers travelling. The financial condition of the Mymensingh Bhairab Bazar Railway is not at present such as to enable this loss to be faced, and the question has therefore had to be held over for the present.

CONSTRUCTION OF BHATKAL-MYSORE RAILWAY LINE.

6. **Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state whether the work of surveying the Bhatkal-Mysore Railway line has been completed?

(b) If so, when will the construction of the line commence, and how long will it take to open the same?

(c) How much money has been spent till now by the Bombay Government?

Mr. A. A. L. Parsons: It is presumed that the Honourable Member is referring to the Shimoga Bhatkal project.

(a) and (b). The traffic prospects of the project were investigated in 1920 and, as they were not hopeful, further consideration of the project was dropped.

(c) Government have no information.

AMALGAMATION OF COORG WITH THE MADRAS PRESIDENCY AND SOUTH KANARA WITH THE BOMBAY PRESIDENCY.

7. **Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state whether any proposals have been submitted either by the Madras Government or by the Bombay Government for the amalgamation of Coorg with the Madras Presidency and South Kanara with the Bombay Presidency?

(b) Is it a fact that a portion of South Kanara formed part of the Bombay Presidency before? If so, in what year was it separated and transferred to the Madras Presidency?

(c) Was it transferred to the Madras Government at the representation of the people of South Kanara?

(d) Will the Government be pleased to place the papers relating thereto on the table of this House?

The Honourable Sir Alexander Muddiman: (a) No.

(b) and (c). A conclusive answer to an historical question of this nature could be given only after reference to records stored in Calcutta, which Government has not, within the period of notice, been able to make. The Honourable Member however will see from page 357 of the fourteenth volume of the Imperial Gazetteer that the district as it now stands has always been under the Madras administration.

(d) If the Honourable Member desires that the historical records in the possession of Government be examined that will be done, and it will be considered whether they can be made available in the manner suggested.

ALTERATION OF FUNDAMENTAL RULE 87 WITHOUT CONSULTATION.

8. **Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Honourable Member for Finance be pleased to state whether it is a fact that a declaration has been taken from all the gazetted and non-gazetted officers to abide by the new Fundamental Rules?

(b) If so, when did these new Fundamental Rules come into force?

(c) Is it a fact that the note to Fundamental Rule 87 has been altered without either consulting the Local Governments or informing the gazetted and non-gazetted officers about the alteration?

(d) Have any memorials been received from the members of the non-gazetted service in the matter?

(e) Are Government prepared to cancel the said order of alteration and redress the grievances of the subordinates?

The Honourable Sir Basil Blackett: (a) The Honourable Member has not stated the position quite accurately. If he will refer to Fundamental Rule 58 he will find that, at the time of the issue of the Fundamental Rules, Government servants were given the option of coming under these rules or remaining under the leave rules to which they were then subject.

- (b) The Fundamental Rules came into force from the 1st January 1922.
- (c) The Honourable Member is referred to the answer given by me in this House on the 16th February 1925 to parts (3) and (4) of question No. 912 asked by Mr. Jeelani.
- (d) The reply is in the affirmative
- (e) Provincial Governments have now full powers to deal with the case of their own employees. As regards the employees of the central Government, the matter is under consideration.

PROVIDENT FUND SYSTEM IN PLACE OF PENSION IN MADRAS.

9. **Khan Bahadur Haji Abdullah Haji Kasem:** (a) Will the Government be pleased to state whether it is a fact that the Government of Madras has submitted a report recommending the institution of a system of Provident Funds instead of the pension system in the case of non-gazetted officers?

- (b) If so, what orders have been passed on the said report?
- (c) If no orders have yet been passed do Government propose to pass orders at a very early date?

The Honourable Sir Basil Blackett: (a) No such report has been received from the Government of Madras.

- (b) and (c). Do not arise.

POSTAL ADMINISTRATION IN THE NILGIRIS.

10. **Khan Bahadur Haji Abdullah Haji Kasem:** (a) Has the attention of the Government been drawn to the article under the heading 'Administration in the Nilgris Division' published on page 1 of the All-India (including Burma) Postal and Royal Mail Service Union Madras Circle general letter for the month of November 1926?

- (b) If so, what action has been taken in the matter?
- (c) If no action has been taken till now, do Government propose to inquire and to call for a report in the matter from the Post Master General, Madras?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

- (b) The Postmaster-General, Madras, has already taken up the matter and will submit a report to the Director-General.

- (c) Does not arise.

TOTAL STRENGTH OF HIGH COURT AND CHIEF COURT JUDGES SHOWING NUMBER OF MUHAMMADANS.

11. **Khan Bahadur Haji Abdullah Haji Kasem:** Will the Government be pleased to state the total strength of High Court Judges and Chief Court Judges in each province in India and the number of Muhammadan High Court Judges appointed in such courts?

The Honourable Sir Alexander Muddiman: I lay on the table a statement giving the information required.

	Total strength including Additional Judges.	Number of Muhammadian Judges.
Madras High Court	14	<i>Nil</i>
Bombay " "	10	2
Calcutta " "	16	1
Allahabad High Court	11	2
Lahore " "	13	2
Patna " "	9	<i>Nil</i>
Rangoon " "	11	<i>Nil</i>
Oudh Chief Court	5	2

THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS,
ETC.

12 **Mr. M. K. Acharya:** Will Government be pleased to state—

- (a) whether a Government committee with Sir Alexander Cardew as President was appointed in 1920 to examine and report on the suitability of the Andamans to be continued as a penal settlement;
- (b) whether that Committee reported against such suitability;
- (c) what the grounds were upon which the Committee so reported. and
- (d) whether the Government accepted the conclusions of that report and passed orders for discontinuing the Andamans as a penal settlement?

The Honourable Sir Alexander Muddiman: (a), (b) and (c) I would refer the Honourable Member to Appendix I and Chapter XXI of the Indian Jails Committee's report

(d) Yes

THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS,
ETC.

13 **Mr. M. K. Acharya:** (a) What special reasons, if any, induced the Government to reopen the Andamans as a penal settlement for the Moplahs?

(b) Was it done by the Government of India *suo motu*, or at the suggestion of the Government of Madras?

(c) Are there any proofs that the Andamans since the date of the Cardew Committee's report have improved climatically, economically, or morally?

The Honourable Sir Alexander Muddiman: (a) The transportation of Moplahs was in the first instance permitted as a special measure to relieve the congestion in the Jails of the Madras Presidency.

(b) At the instance of the Government of Madras.

(c) The Committee's criticisms are not applicable to the Moplah Settlements, which are on different lines to anything in existence at the time of their report.

**THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS,
ETC.**

14. Mr. M. K. Acharya: (a) Did the Government appoint a committee in 1925 to report upon the condition of the Moplah convicts in the Andamans?

(b) Is it a fact that three out of the four members of the committee reported against the continuance of the Andamans as a penal Moplah settlement?

(c) Were the grounds on which they so reported the same as those on which the Cardew Committee made their recommendations?

The Honourable Sir Alexander Muddiman: I must refer the Honourable Member to the reports presented by the Committee, which have been published.

**THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS,
ETC.**

15. Mr. M. K. Acharya: (a) Is it a fact that the Honourable the Home Member to the Government of India visited the Andamans in advance of the committee appointed by Government in 1925?

(b) What was the object of his visit?

(c) Was any report submitted by him; and if so will the Government place it on the table of the House?

(d) Is it a fact that the Honourable the Home Member recommended that the Andamans should at whatever cost be made fit for free colonisation, and that the expenditure required for making it so fit should be borne by the Indian people?

(e) How much money has been spent up to date on this experiment of improving the conditions in the Andamans and making it fit for colonisation?

The Honourable Sir Alexander Muddiman: (a) and (b). The Honourable Member is referred to the answer given on the 15th February last to Mr A. P. Sinha.

(c) and (d). The Honourable Member is referred to the answer I have given to-day to a similar question put by Khan Bahadur Haji Abdullah Haji Kasem.

(e) For many years expenditure has regularly been undertaken on improving conditions in the Islands, and it is not possible for me to state the total of these sums. During the current year about 6½ lakhs is being spent on anti-malarial measures.

**THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS,
ETC.**

16. Mr. M. K. Acharya: (a) Is it a fact that Government are granting special concessions to induce Moplahs of Malabar to go and settle in the Andamans?

(b) Is it a fact that a batch of Moplah convicts were recently brought to Malabar from the Andamans and taken about in police custody and

forced to persuade their own wives and children and the families of other Moplah convicts to migrate to the Andamans?

(c) Were the Moplah convicts permitted to express their opinions to any one, otherwise than in the presence of their police guard?

The Honourable Sir Alexander Muddiman: (a) The concessions offered to Moplah settlers are the same as are offered to settlers of other communities.

(b) and (c). Government are not aware of the facts alleged by the Honourable Member. If he wishes, I will make inquiries from the Local Government.

THE ANDAMANS SETTLEMENT AND THE COLONISATION OF THE MOPLAHS, ETC.

17. **Mr. M. K. Acharya:** (a) Has the attention of Government been drawn to the great indignation felt all over the Madras Presidency over the present attempts of Government to induce Moplah families to go and settle in Malabar?

(b) Has Government's attention been drawn to the resolutions passed at a public meeting held at Madras on the 19th of December, 1926, protesting against Government's present policy with regard to the Andamans?

(c) Are Government prepared to give up that policy in deference to public opinion?

The Honourable Sir Alexander Muddiman: (a) and (c). The Honourable Member is referred to the answer I have given to-day to Khan Bahadur Haji Abdullah Haji Kasem's question.

(b) Government have seen a newspaper report of the meeting.

RECRUITMENT OF INDIAN RAILWAY OFFICERS UP TO 75 PER CENT. UP TO END OF 1926.

18. **Mr. M. K. Acharya:** Will the Government be pleased to state how far the Lee Commission's recommendation to recruit as Railway officers Indians up to 75 per cent. has been carried out up to 31st December, 1926?

The Honourable Sir Charles Innes: To give effect to the recommendation of the Lee Commission, Regulations for recruitment in India of Officers for the Civil Engineering, Transportation (Traffic) and Commercial, and Mechanical Engineering and Transportation (Power) Departments were issued with Government of India, Railway Department, Resolution No. 2059-E., dated 15th July, 1926, which was published in the *Gazette of India*, Part I, dated 17th July. Regulations for other departments such as Signal and Bridge Engineering, are under consideration. Examinations for the admission to the Engineering and Transportation Departments under the Regulations referred to above were held last November.

During the current financial year, i.e., from the 1st April, 1926, we have recruited for the State-managed Railways (excluding those Royal Engineers who were transferred from the Army to the Railway Engineering Service) altogether 18 officers, of whom 9 were Indians. We have also taken 6 apprentices for the Mechanical Engineering Department. In addition to these, 18 Indian officers will be taken on the results of the competitive examinations referred to above.

Company-worked Railways have accepted the Lee Commission recommendations regarding Indianisation. For actual appointments made on these Railways the Honourable Member is referred to the answer given to Question No. 28 asked by Mr. B. Das on the 18th August, 1926. Government do not possess any later information.

NUMBER OF EUROPEAN AND INDIAN OFFICERS IN RAILWAYS AND INDIANS RECRUITED IN 1925 AND 1926.

19. **Mr. M. K. Acharya:** Will the Government be pleased to furnish—

- (a) the number of European and Indian officers in each Indian Railway, whether state or company-managed on the 31st December, 1926, together with the rank, pay and service of each; and
- (b) the number of Indian officers recruited in 1925, and in 1926 together with their rank, pay, and also the number of vacancies that have occurred during each year?

Mr. A. A. L. Parsons: (a) and (b) We only compile these figures for financial years, and as they are very voluminous I am afraid I cannot give them for a different period. The Honourable Member will find in Appendix F of Volume I of the Railway Board's Report on Indian Railways for 1925-26 a detailed statement showing the nationality of the Officers employed on Class I Railways on the 1st April, 1925, and the 1st April, 1926, in the various departments, and in Appendix G a statement showing by nationalities how new appointments and vacancies during 1925-26 were filled. The information with regard to the rank, pay and service of individual officers is given in the classified list of State Railway establishment and distribution return of establishment of all Railways. A copy of this list, as also the Railway Board's Report, will be found in the library.

INDIANS TO SUCCEED SHORT-TERM EUROPEAN OFFICERS ON MADRAS AND SOUTHERN MAHRATTA RAILWAY AND SOUTH INDIAN RAILWAY UP TO 75 PER CENT.

20. **Mr. M. K. Acharya:** Will the Government be pleased to state—

- (a) the number of temporary European officers recruited on short term contract on the Madras and Southern Mahratta Railway and on the South Indian Railway up to 1926, together with the contract period in each case;
- (b) the number of Indian probationers and temporary officers up to date on the said Railways; and
- (c) whether on the expiry of the short term contracts of the Europeans, Indians will be permanently appointed in their places until the 75 per cent. proportion is reached?

Mr. A. A. L. Parsons: (a) On the Madras and Southern Mahratta Railway, six on three years' contract; on the South Indian Railway, two on two years' contract. The figures are for the period from the 1st January, 1926, to the 31st December, 1926.

(b) On the Madras and Southern Mahratta Railway, thirteen temporary officers and three probationers; in the South Indian Railway, four temporary officers and seven pupil candidates.

(c) On the South Indian Railway vacancies against which Europeans have been appointed are of a temporary nature and the question does not arise. On the Madras and Southern Mahratta Railway vacancies will be filled by the best qualified officers both European and Indian. I may add that these railways have accepted the policy of Indianisation and will give effect to it.

EXISTING INCUMBENTS OF ASIATIC DOMICILE ENTITLED TO LEE CONCESSIONS IN THE SOUTH INDIAN RAILWAY.

21. **Mr. M. K. Acharya:** (a) Have the Lee concessions been extended to the South Indian Railway, and from what date?

(b) Is it not one of the conditions that the existing incumbents of Asiatic domicile should continue to draw their present scales of pay, etc., but that future entrants will be restricted to basic pay only and will not be entitled to any pay in lieu of overseas pay?

The Honourable Sir Charles Innes: (a) Yes, from 1st April, 1924

(b) Yes.

REFUSAL OF LEE CONCESSIONS TO INDIANS AT PRESENT IN THE SOUTH INDIAN RAILWAY.

22. **Mr. M. K. Acharya:** (a) How many Indians are there in the South Indian Railway who are entitled to the Lee concessions, that is, to their scales of pay *plus* pay equivalent to the overseas pay?

(b) Have these Indians been admitted to the benefit of the concessions under reference? If not, why not?

(c) Has the Railway Board been addressed on this subject by any Honourable Members of the Assembly; and if so what action has the Board taken to set the matter right?

The Honourable Sir Charles Innes: (a) and (b). Lee Concessions, i.e., concessions prescribed under the Superior Civil Services (Revision of pay and pension) Rules, 1924, are applicable only to officers of non-Asiatic domicile. No officer of Indian domicile can therefore be entitled to the concessions.

(c) No Member of the Assembly has addressed the Railway Board on the question of extension of Lee concessions to Indians on the South Indian Railway. The Honourable Member presumably refers to a letter written by Mr. R. K. S. Chetty on the subject of the grant of an equivalent to overseas pay to certain Indian Officers of the South Indian Railway and the position was explained to him. A question on the same subject was put in the Assembly by Dr. Lohokare at the August 1926 Session but was subsequently withdrawn by him.

INCLUSION OF INDIANS AMONG ASIATIC DOMICILES ENTITLED TO LEE CONCESSIONS.

23. **Mr. M. K. Acharya:** (a) Has the South Indian Railway given the benefits of these Lee concessions to Europeans and Anglo-Indians who as per statutory rules of the Government of India must be treated only as Asiatic domiciles?

(b) Has it been the intention of the Railway Board that the concessions as per clause 8 of the letter No. 841E./23, dated 14th February, 1926, to the Agent, South Indian Railway, should be restricted to Asiatic domiciles only as distinguished from Indians?

(c) If the answer to the above is in the negative, do the Railway Board propose to instruct the South Indian Railway to carry out all the conditions and modifications that accompanied the Lee concession with retrospective effect from the date that they came into force?

The Honourable Sir Charles Innes: (a) The benefits of the Lee Concessions have been extended to officers of non-Asiatic domicile only, and Europeans and Anglo-Indians domiciled in this country are not entitled to them. The South Indian Railway has not granted the concessions to any officer of Asiatic domicile.

(b) Paragraph 3 of Railway Board's letter No. 341-E/23 of 14th February, 1926, applies to all officers of Asiatic domicile, whether European, Anglo-Indian or India.

(c) Does not arise.

TRANSFER TO GENERAL SERVICE OF FORCED STATION SERVICE TELEGRAPHISTS.

24. **Mr. M. K. Acharya:** With reference to the reply of the Honourable Member in charge of Industries and Labour to the question No. 331 (b) answered in the Assembly on 27th January 1926, regarding forced station service telegraphists, do the Government of India now propose to reconsider their case and transfer them in a body to the general service as was done in the case of local service men?

The Honourable Sir Bhupendra Nath Mitra: By the expression "forced station service telegraphists" the Honourable Member is presumably referring to candidates who were under training for the Local Service at the time of the abolition of that service in 1920 and who were given the option of resigning or of accepting Station Service. Government have recently reconsidered the case of these men and they have come to the conclusion that the men have no claim for immediate transfer to the General Service. Claims for promotion to General Service of such of these Station Service Telegraphists as are fully qualified and who accept the liabilities of General Service will receive sympathetic consideration when the existing surplusage in the General Service has been worked off. It may be added that it is not a fact that all the Local Service Telegraphists in the Department were transferred in a body to the General Service as a result of the recommendation of Telegraph Committee of 1921. The transfer was contingent on vacancies in the latter Service and on the man transferred possessing the necessary qualification for employment as General Service Telegraphists.

APPOINTMENTS IN THE TELEGRAPH DEPARTMENT.

25. **Mr. M. K. Acharya:** (a) Will the Government be pleased to state how many appointments have been created in the Telegraph Department under each of the following heads with the number of Indians and non-Indians and rates of pay in each case:

(1) Inspectors of peons.

(2) Time-keepers?

(b) Is it a fact that the appointments mentioned in part (a) were treated as pensionable till 1919, and if so, will the Government be pleased to state the grounds on which these appointments were treated as non-pensionable after 1919?

(c) Will the Government be pleased to state the exact number of appointments in the above list reserved for retired servants, and the need for such reservation?

(d) Will the Government be pleased to state whether it is a fact that the Government of India gave an assurance that the remaining 100 clerical appointments of class II would be released in March 1927 and if so, will the Government be pleased to state when effect would be given to their assurance?

The Honourable Sir Bhupendra Nath Mitra:

(a)

	No. of appointments created.	Rate of pay.
Inspectors of peons	10	8 On Rs. 100—5—150.
		1 Season Inspector on Rs. 60 from November to March each year in Delhi.
		1 Assistant Inspector on Rs. 40.
Time-keepers	18	Rs. 60 at Calcutta, Bombay Madras, Rangoon and Karachi, and Rs. 50 at other stations. Four men get personal pay of Rs. 100 each as a special case.

All the appointments are filled by Indians, 4 Inspectors of Peons and 4 Time-keepers being statutory Indians.

(b) Yes. The reasons for making these appointments non-pensionable is that the work pertaining to these appointments is not properly of a clerical nature and can suitably be performed by retired servants.

(c) No specified number of appointments is reserved for retired servants, but whenever possible, such men are appointed to these posts. The second part of the question does not arise.

(d) Yes. Of the 100 appointments referred to, 8 were filled during 1925-26, and the rest will be filled in March next.

GRIEVANCES OF POSTAL RECRUITED TELEGRAPHISTS.

26. **Mr. M. K. Acharya:** Will the Government be pleased to state whether the grievances of the postal recruited telegraphists were taken up again by the Government of India after representation by the All-India Telegraph Union and if so what reply was given to the Union?

The Honourable Sir Bhupendra Nath Mitra: Yes. Government found no justification for modifying the previous orders.

PREVIOUS SERVICE CONSIDERED IN GRANTING INCREMENTS IN GOVERNMENT DEPARTMENTS.

27. **Mr. M. K. Acharya:** Will the Government be pleased to state whether in all the Government departments generally the previous services of subordinates are not taken into consideration in granting increments to them?

The Honourable Sir Bhupendra Nath Mitra: No.

EXTRA COST OF INCREMENTS TO POSTAL RECRUITED TELEGRAPHISTS.

28 **Mr. M. K. Acharya:** Will the Government be pleased to state whether it is a fact that the Director-General of Posts and Telegraphs had called for statements in the month of January 1926 as to the extra cost that might be incurred if increments were granted to the postal recruited telegraphists?

The Honourable Sir Bhupendra Nath Mitra: Yes.

OFFICIATING OR TEMPORARY SERVICE TO COUNT TOWARDS INCREMENTS IN POSTAL DEPARTMENTS.

29. **Mr. M. K. Acharya:** Will the Government be pleased to state:

- (a) whether it is a fact that the services of unpaid probationers of the Post Office are taken into consideration in granting them increments: and
- (b) whether it is a fact that the Standing Finance Committee in August 1926 considered the Government proposal to spend Rs. 52,000 during the year in order to give effect to the scheme of counting the total period of officiating or temporary service towards increments in the various time scales of pay sanctioned for the existing postal officials on the recommendation of the Postal Committee?

The Honourable Sir Bhupendra Nath Mitra: (a) The aggregate period of actual (paid) officiating or temporary service rendered by postal clerks, whether as clerks or branch postmasters, and by sorters as sorters prior to their confirmation in the Department is taken into account in determining their positions in the time-scales of pay sanctioned for them.

(b) Yes, except that as mentioned in reply to part (a) above the concession referred to is admissible only to the postal clerks and sorters.

PREVIOUS SERVICE OF POSTAL RECRUITED TELEGRAPHISTS TO COUNT TOWARDS INCREMENTS.

30. **Mr. M. K. Acharya:** Will the Government be pleased to state:

- (a) whether it is a fact that telegraphists and telegraph masters of local service who are transferred to the general service are given credit for purposes of pay and seniority according to the number of years they had served in the local scale:
- (b) whether the claims of the postal recruited men have been rejected while due recognition has been given to the other members of the different branches of the department: and

- (c) whether the Government of India are now prepared to reconsider the question of postal recruited telegraphists and grant them the increments prayed for in consideration of their hard earned postal service?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) and (c). The attention of the Honourable Member is drawn to the reply given on the 28th February, 1925, to part (d) of his unstarred Question No. 207 and also to the reply to his unstarred Question No. 91.

DIPAVALI DAY TO BE HOLIDAY FOR GOVERNMENT TELEGRAPH OFFICES.

81. **Mr. M. K. Acharya:** Will the Government be pleased to state:

- (a) whether it is a fact that Dipavali which falls every year in the month of October is a Government as well as a Postal holiday and if so, why a similar concession has not been given to the Government Telegraph Offices: and
- (b) whether the Government will be pleased to extend the concession to Telegraph offices all over India and Burma by fixing the Dipavali day as a holiday and treat it as a Sunday?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. Because it is not a Telegraph Holiday.

(b) Does not arise.

DIPAVALI DAY TO BE HOLIDAY FOR GOVERNMENT TELEGRAPH OFFICES.

82. **Mr. M. K. Acharya:** (a) Are Government prepared to inquire from the Officer-in-charge of the Madras Telegraph Office as to how many men applied for leave on the last Dipavali day and how many of them were granted leave?

(b) Do Government propose to call for statistics of the Madras Telegraph Office on the particular day so that the Government may judge whether the traffic necessitated the retention of all the men on the day in question?

The Honourable Sir Bhupendra Nath Mitra: (a) The enquiry has been made. 16 men applied for leave, and three were granted leave.

(b) No, as in the opinion of the Government no useful purpose would be served by taking the action suggested.

INADEQUACY OF SCALES OF PAY OF MADRAS POSTAL CLERKS AND POSTMEN.

83. **Mr. M. K. Acharya:** Will the Government be pleased to state—

- (a) what the scales of pay of Madras postal clerks and postmen are, and those of similar employees at Bombay, Calcutta, Poona, Karachi and Ahmedabad: and
- (b) whether any public leaders of Madras expressed to the Member-in-charge that the present Madras scales were adequate; and if so who those leaders were?

The Honourable Sir Bhupendra Nath Mitra: (a) The scales of pay are :

	Postal clerks.	Postmen.
	Rs.	Rs.
Madras	40—5—140	20—20—20—1—38 <i>plus</i> house-rent allowance Rs. 3.
Bombay	60—5—160	27—27—27—1—45 <i>plus</i> house-rent allowance Rs. 8-8.
Calcutta	50—6—110—5—160	22—22—22—1—40 <i>plus</i> house-rent allowance Rs. 5.
Poona	50—5—150	27—27—27—1—45 <i>plus</i> house-rent allowance Rs. 3.
Karachi	50—5—150	27—27—27—1—45 <i>plus</i> house-rent allowance Rs. 4.
Ahmedabad	50—5—150	27—27—27—1—45 <i>plus</i> house-rent allowance Rs. 4.

(b) The Honourable Member is apparently referring to an account of an interview with me by the General Secretary, All-India Postal and R. M. S. Union, which I have seen published in certain papers without obtaining my acceptance to it and which is full of inaccuracies. At the same time it is a fact that when the revised rates of pay for Madras were before the Standing Finance Committee about this time last year and accepted by that body, it was never suggested by any member of the Legislative Assembly from Madras either in the House, or to me outside it, that the new rates of pay for Madras were inadequate. The only suggestion which I received was to increase the increments in the later years of service to Rs. 5, and this suggestion I found it possible to accept later on. It is obviously not possible for me to mention any names other than those that are available to the public from published debates of the House or published proceedings of the Standing Finance Committee.

UNPOPULARITY AND INEFFICIENCY OF ARMY CANTEN BOARD.

84. Mr. Gaya Prasad Singh: (a) With reference to my starred question No. 519 of the 2nd September 1925, and the reply of the Government that "the preference for the contractor is not universal", has the attention of the Government been drawn to the following passages in the Report of the Committee on the working of the Army Canteen Board?

- (i) "The present system is *intensely unpopular* with the people whom it is intended to benefit, and must therefore be regarded as inefficient".
- (ii) "The Board's canteens are condemned by the soldier on *grounds of price and quality*".
- (iii) "The auditor's report details the want of efficient accounting".

(iv) "The Canteen Board is constitutionally neither fish, flesh, nor good red-herring. It is not fully military, and lacks discipline, it is not fully Government, and yet it risks the tax-payer's money; it is not a proper commercial concern, and it lacks the incentive of self-interest, necessary for success".

(b) Will the Government kindly state who is responsible for the creation of the Army Canteen Board, and for the loss of the tax-payer's money?

Mr. G. M. Young: (a) Government have seen and considered the passages and have taken appropriate action on them. Although the large majority of units concerned expressed preference for the contractor system, the preference was not universal.

(b) Government must accept responsibility for the creation of the Army Canteen Board. The causes of its failure are a matter of opinion.

DEFALCATIONS IN THE ARMY CANTEN BOARD

35. **Mr. Gaya Prasad Singh:** (a) Has the attention of the Government been drawn to the following passage in the Report on the working of the Army Canteen Board:

"It is a poor tribute to the method of staff selection that seven European members of the staff should have been lodged in Jail?"

(b) Will the Government kindly give the names of the seven officers, and the circumstances under which they were lodged in Jail? If their offences relate to waste or misappropriation of money or stores, will the Government give the amount or value of such misappropriation or waste?

Mr. G. M. Young: (a) Government have seen the passage referred to.

(b) I would invite the attention of the Honourable Member to the statements which were laid on the table on the 23rd January, and the 7th September, 1925, in answer to unstarred question No. 31 and starred question No. 715 respectively. These statements give a full account of the various defalcations. Government does not consider it necessary or desirable to mention the names of those concerned.

DATE OF PASSING OF TRADE UNION BILL.

36. **Mr. Varahagiri Venkata Jogiah:** When was the Trade Union Bill passed into Law? Has the Act been put into force yet? If not, when will the Government be pleased to bring it into force?

The Honourable Sir Bhupendra Nath Mitra: Assent was given to the Indian Trade Unions Bill on 25th March, 1926. The date on which the Act can be brought into force will depend on the progress made by local Governments in promulgating the necessary regulations; but the Government of India hope that it will be possible to bring the Act into force on 1st April next.

OFFICIAL RECOGNITION FOR ALL RAILWAY EMPLOYEES UNIONS.

37. **Mr. Varahagiri Venkata Jogiah:** In view of the passing of the Trade Union legislation, are Government prepared to issue directions to the different Railway administrations to give official recognition to all accredited Railway Unions representing the employees?

The Honourable Sir Charles Innes: The matter is under consideration.

ALLOTMENTS FOR CONSTRUCTION OF QUARTERS FOR EUROPEANS, ANGLO-INDIANS AND INDIANS RESPECTIVELY ON DIFFERENT RAILWAYS.

38. Mr. Varahagiri Venkata Jogiah: 1. What was the amount sanctioned for the construction of staff quarters within the last two years in the following Railways:—

(a) Bengal Nagpur Railway, (b) Madras and Southern Mahratta Railway, (c) Eastern Bengal Railway, (d) Great Indian Peninsula Railway, (e) East Indian Railway, (f) North-Western Railway, (g) Bombay, Baroda and Central India Railway, and (h) South Indian Railway?

2. Out of these amounts sanctioned, how much was allotted in each of the Railways abovesaid for (a) European employees including officers, (b) Anglo-Indian employees including officers, (c) Indian employees including officers?

3. What is the number of quarters sanctioned for each of the abovesaid classes of employees of the Railways aforesaid, and what is the sum spent during the last two years on the quarters of employees European, Anglo-Indian and Indian respectively?

Mr. A. A. L. Parsons: (1), (2) and (3). The information is not available in the detail required by the Honourable Member, and it would not be possible to collect it, since ordinarily quarters are not built specifically for Europeans, Anglo-Indians or Indians, but merely for classes of employees irrespective of race. In the last two years the following sums were provided by the Railway Administrations mentioned by the Honourable Member in their programmes for the construction of staff quarters:

Figures in thousands of rupees.

	1925-26.	1926-27.
	Rs.	Rs.
(a) Bengal Nagpur Railway . . .	30,85	12,16
(b) M. and S. M. Railway . . .	3,78	19,00
(c) Eastern Bengal Railway . . .	5,60	8,94
(d) G. I. P. Railway . . .	12,86	17,99
(e) East Indian Railway . . .	20,68	23,65
(f) North Western Railway . . .	8,00	2,86
(g) B. B. and C. I. Railway . . .	2,64	3,06
(h) South Indian Railway . . .	1,25	6,86

INQUIRY INTO GRIEVANCES OF SUBORDINATE EMPLOYEES ON INDIAN RAILWAYS.

39. Mr. Varahagiri Venkata Jogiah: Were any steps taken to give effect to the Resolution of the Assembly passed on the 5th day of February, 1926, recommending an inquiry into the grievances of the subordinate employees on the Indian Railways? If not, are the Government prepared to give effect to it at a very early date?

The Honourable Sir Charles Innes: The Honourable Member's attention is invited to the answer given to a similar question No. 336 asked by Mr. M. K. Acharya on 1st September, 1925.

SCHEME FOR TRAINING OF OFFICERS AND SUBORDINATES ON INDIAN RAILWAYS.

40. **Mr. Varahagiri Venkata Jogiah:** Was the scheme for the training of Railway officers and subordinates for employment on the Indian Railways prepared by Mr. Cole under the orders of the Railway Board given effect to? If not, why not?

The Honourable Sir Charles Innes: Mr. Cole's report was received in 1926 and contained many valuable suggestions and recommendations for the training of railway officers and subordinates. Some of these suggestions were embodied in the scheme for training and recruitment of Railway Officers published with Resolution No. 2058-E., dated the 15th July, 1926, in the *Gazette of India* of the 17th of July, 1926. This scheme, however, was devised to carry out the policy recommended by the Lee Commission in regard to recruitment of the superior services and was decided upon with the sanction of the Secretary of State after discussion with the Central Advisory Committee for Railways. Schemes for the training of railway subordinates have been brought into existence on the State and other Railways, and information will be found in regard to these schemes in Chapter VI of the Report by the Railway Board on Indian Railways, a copy of which has been placed in the library.

PROHIBITION OF INDIAN GUARDS AND DRIVERS FROM RUNNING MAIL AND PASSENGER TRAINS.

41. **Mr. Varahagiri Venkata Jogiah:** (a) Is it a fact that all or any of the Railway Companies prohibit Indian Guards and Drivers from running mail and passenger trains on the main lines? If not, what are the names of the Railway Companies that permit the same?

(b) In case such a prohibition exists, in all or any of the Railway Companies, are Government prepared to issue directions to permit Indian Guards and Drivers to run mail and passenger trains equally with the European or Anglo-Indian Guards and Drivers?

Mr. A. A. L. Parsons: (a) Enquiries made from the principal Railway Administrations show that Indian Guards and Drivers are not prohibited from working mail and passenger trains on the main lines.

(b) Does not arise.

CRITERION FOR SELECTION OF HIGH COURT JUDGES.

42. **Mr. Anwar-ul-Azim:** Will the Government be pleased to state what criterion the Government impose in recommending the selection of the judges of the High Courts in India?

The Honourable Sir Alexander Muddiman: Permanent appointments to the High Courts are made by His Majesty under section 101 of the Government of India Act.

MUSSALMAN AND OTHER OFFICERS IN STATE RAILWAYS.

43. **Mr. Anwar-ul-Azim:** Will the Government be pleased to state what the total number of officers in the State Railways in India is and how many of them are Mussalmans?

Mr. A. A. L. Parsons: The Honourable Member is referred to the Railway Board's Classified List of Establishment corrected up to 30th June, 1926, and to the statistics given in Appendix F of Volume I of the Report on Indian Railways for 1925-26, copies of which he will find in the Library.

ABOLITION OF DIRECT RECRUITMENT TO IMPERIAL EDUCATIONAL SERVICES IN BENGAL.

44. **Mr. Anwar-ul-Azim:** Will the Government be pleased to state if they propose to abolish the direct recruitment of officers in the Imperial Educational Services in Bengal? If so, why?

The Honourable Mr. J. W. Bhore: Recruitment for the Indian Educational Service ceased with effect from May, 1924, in all Governors' provinces in accordance with the recommendation made in paragraph 15 of the Lee Commission report. The object was to leave the way open to Local Governments in future to recruit and appoint the personnel required for this branch of administration.

TARIFF AND OTHER SOURCES OF IMPERIAL REVENUE IN INDIA.

45. **Mr. Anwar-ul-Azim:** Will the Government be pleased to state what the sources of Imperial Revenue in India are, and what amount is derived by a protective tariff?

The Honourable Sir Basil Blackett: The sources of Imperial revenue are shown in the annual Budget Statement presented to the Assembly and in the Finance and Revenue Accounts of the Government of India. The amount derived from protective duties varies from year to year and the monthly and annual figures are given in the monthly statement published by the Director-General of Commercial Intelligence and Statistics. I would however point out that the figures in question show the total proceeds of the protective duties and not simply the excess over the amounts that would be realised were the ordinary revenue tariff in force in respect of the items subjected to a protective tariff.

FUNCTIONS AND CONTROL OF RAILWAY BOARD.

46. **Mr. Anwar-ul-Azim:** Will the Government be pleased to state what the functions of the Railway Board at Delhi and Simla are? What control, if any, does the Board exercise over such of the railway systems as are not under the control of Government?

Mr. A. A. L. Parsons: The Honourable Member is referred to Appendices B and C of Volume I of the Report on Indian Railways for 1925-26 which contain notes on the relation of the Government to railways in Indian and on the organisation for Government control. Copies of the Report are in the Library of the Assembly.

'LAST 5 YEARS' FIGURES FOR EXPORT AND IMPORT TRADE.

47. **Mr. Anwar-ul-Asim:** Will the Government be pleased to state for the last five years the volume of export and import trade between India and other countries of the world?

The Honourable Sir Charles Innes: The Honourable Member is referred to Volume I of the "Annual Statement of the Sea-borne Trade of British India with the British Empire and Foreign Countries" for the year 1925-26, copies of which are in the Library.

GOVERNMENT AID TO INFANT INDUSTRIES IN BELGIUM AND GERMANY.

48. **Mr. Anwar-ul-Asim:** Will the Government be pleased to state whether it is a fact that all infant industries are financed by Government in Belgium and Germany?

The Honourable Sir Bhupendra Nath Mitra: Government have no precise information on the subject.

STATUS AND PRECEDENCE OF MEMBERS OF LEGISLATIVE ASSEMBLY IN DUBBARS.

49. **Mr. Anwar-ul-Asim:** Will the Government be pleased to state the status of the members of this Assembly in the Imperial, Provincial and Divisional Durbars in the matter of precedence?

The Honourable Sir Alexander Muddiman: If and when an Imperial Durbar is held the question will doubtless be considered with reference to existing circumstances.

2. The question of precedence at Provincial and Divisional Darbars is always left to the local authorities and is governed by orders of the Provincial Governments on the subject.

SWARAJYA ON "INDIANISATION ON THE SOUTH INDIAN RAILWAY."

50. **Mr. M. S. Sesha Iyengar:** Has the attention of the Government been drawn to an article that appeared in the *Swarajya*, dated 11th November, 1926, under the caption "Indianisation on the South Indian Railway"?

Mr. A. A. L. Parsons: Yes.

OMISSION TO EXTEND LEE CONCESSIONS TO SUPERIOR INDIAN OFFICERS OF SOUTH INDIAN RAILWAY.

51. **Mr. M. S. Sesha Iyengar:** (a) Will the Government be pleased to state if it is a fact that the Deputy Accountant General of Railways has reported to the Railway Board about the omission of the South Indian Railway to extend the Lee concessions to the Indian Officers of the superior service in the said Railway?

(b) If so, will the Government be pleased to lay the said report on the table?

The Honourable Sir Charles Innes: (a) No.

(b) Does not arise.

MINIMUM PAY OF POSTAL CLERKS IN MADRAS.

52. Mr. M. S. Sessa Iyengar: (a) Will the Government be pleased to state if the minimum pay of the postal clerks in the Madras Province has been fixed at Rs. 40 per mensem, while it is Rs. 45 in Bengal and Bombay?

(b) If so, why?

The Honourable Sir Bhupendra Nath Mitra: (a) The case is not as stated.

(b) Does not arise.

EXTRA HOUSE-RENT FOR POSTAL EMPLOYEES IN MADURA, ETC.

53. Mr. M. S. Sessa Iyengar: Will the Government be pleased to state if any action has been taken to provide *extra* for the "house" rent of the Postal employees at least in places like Madura where it is high?

The Honourable Sir Bhupendra Nath Mitra: From October 1st, 1926, the house-rent allowances already sanctioned for postmen and inferior servants (other than runners and boy messengers) were increased in certain cases, while house-rent allowances were granted to such officials in a large number of new cases. At Madura itself under that scheme the inferior servants receive a house-rent allowance at the same rate as that sanctioned for the postmen.

TOTAL AMOUNT OF REVERSE COUNCILS SOLD FROM APRIL TO DECEMBER 1926.

54. Mr. M. S. Sessa Iyengar: Will the Government be pleased to state the total amount for which Reverse Councils have been sold by the Government of India from April, 1926, up to the end of December, 1926.

The Honourable Sir Basil Blackett: The attention of the Honourable Member is invited to the reply given to starred question No. 154 put by Kumar Ganganand Sinha.

TOTAL COINAGE OF RUPEES FOR 1920 TO 1926.

55. Mr. M. S. Sessa Iyengar: Will the Government be pleased to state the total coinage of rupees for each of the years from 1920 to 1926 both inclusive?

The Honourable Sir Basil Blackett: The attention of the Honourable Member is invited to statement IX on page 59 of the Report of the Controller of the Currency for 1925-26, a copy of which is available in the library.

CONFLICTING OPINIONS AS REGARDS ELECTORAL RULES OF THE LEGISLATIVE ASSEMBLY.

56. Lala Lajpat Rai: (a) Are Government aware that in the Punjab, during the last elections, clause (a) of Rule 6 (1) of the Legislative Assembly Electoral Rules was differently interpreted by different Returning Officers? Is it a fact that in one place a Returning Officer upheld the nomination of a gentleman whose name was not entered on the electoral roll of the constituency for the Assembly, but whose name was entered on the electoral

roll of a constituency situated in the same Province and prescribed for elections to the Provincial Council? Is it a fact that in another district, the Returning Officer rejected the nomination of a gentleman similarly placed?

(b) Are Government aware that similar differences of opinion have been exhibited with regard to the interpretation of other rules regarding the validity or otherwise of nominations?

(c) If so, what do Government propose to do to remove the possibility of such conflicting decisions being given in future?

Mr. L. Graham: (a) and (b). The Government of India have no information.

(c) Government are of opinion that so long as Returning Officers are human no steps which Government can take will remove the possibility of conflicting decisions. They will however welcome any information as to conflicting decisions which any Member of the Assembly or of the public may furnish.

ADVISABILITY OF REMOVING RESTRICTIONS REGARDING THE USE OF CONVEYANCES BY CANDIDATES FOR ELECTION.

57. **Lala Lajpat Rai:** (a) Will the Government please state whether under clause 5 of Part II of Schedule V of the Rules relating to malpractices, the hiring, etc., of any boat, vehicle or animal usually kept for letting on hire or for carrying passengers on hire, by a candidate for his own use or for the use of his agents for the purpose of canvassing, and propaganda, before or on the polling day, is permissible?

(b) Are Government aware that a large number of candidates use the conveyances of their friends to carry their voters to the polling booths?

(c) Are Government prepared to consider the advisability of removing these restrictions?

Mr. L. Graham: (a) Government do not think that it would be proper that they should make a public declaration as to the meaning of any statutory rule or regulation. They must therefore leave the Honourable Member to form his own opinion regarding the construction of the provision to which he refers.

(b) Government have no information.

(c) Government would at any time be prepared to consider the amendment of the rule in the event of due cause for such amendment being shown to exist.

NEED FOR A GENERAL REVISION OF ELECTORAL RULES.

58. **Lala Lajpat Rai:** Are Government aware of conflicts of opinion about the interpretation of the Electoral Rules, and are Government prepared to consider the advisability of appointing a Committee to revise these Rules and others of a similar nature, with a view to remove doubts and to assure uniformity of practice during elections?

The Honourable Sir Alexander Muddiman: With the object which the Honourable Member has in view Government have been keeping a careful watch over the working of the electoral rules since they were last revised in 1928, but their information so far does not indicate that the time for another general revision has come. This must of course depend upon the extent to which the existing rules are shown to require clarification and Government will be prepared to consider the question of a general revision and the method of accomplishing it as soon as the necessity for it arises. Meanwhile they will be glad to consider any inconsistencies or obscurities which the Honourable Member may care to bring to their notice

UNDESIRABILITY OF INQUIRY INTO BAD DEBT DEDUCTIONS BY INCOME-TAX OFFICERS.

59. **Lala Lajpat Rai:** (a) Is it a fact that in the Income-Tax Manual, edition 1925, Volume I, issued under the authority of the Government of India, at pages 97 and 98, instructions are given to Income-Tax Officers to the effect that bad debts written off as irrecoverable out of the book profits by a person or institution keeping accounts in the mercantile accountancy system should be allowed to be deducted out of the book profits of the year in which the same were actually written off?

(b) If so, have any instructions been given by the Government to the contrary, after the issue of the Income-Tax Manual, edition 1925, authorising the Income-Tax Officers to make inquiries into the grounds on which such debts were written off, and if necessary, to declare that any debt actually and in good faith written off at any time should not have been so written off?

(c) If the answer to part (b) is in the affirmative, will the Government please state if the Government satisfied itself that this procedure had the sanction of law and was supported by the opinion of their legal Advisers?

(d) Have the Government paid due attention to the effect which such instructions will have on the policy and practical working of the business of all Bankers in general, and Joint Stock Banks in particular?

The Honourable Sir Basil Blackett: (a) Yes.

(b) Instructions regarding such details are issued by the Central Board of Revenue. The Central Board of Revenue has issued no general instructions on this subject. It is the duty of the Income-tax Officer to determine the amount of an assessee's gross income and of the deductions from it that are permissible and that fact has no doubt been impressed on Income-tax Officers by the Central Board of Revenue when necessary in the course of its inspections.

(c) The Government have had no occasion, and see no necessity, to take legal advice on this subject.

(d) As already stated, no general instructions have been issued. The Government have no reason to suppose that the correct application of the existing law on the subject has caused, or can cause, any hardship to Banks or other classes of assesses.

GRANT OF THE ROYAL HUMANE SOCIETY'S MEDAL TO TINDAL EBRAHIM.

60. Mr. Jamnadas M. Mehta: (a) Are Government aware that a public meeting of the Cutchies of Bombay has requested the Police Commissioner of Bombay to recommend to the Royal Humane Society of London to present a gold medal to Tindal Ebrahim for his bravery during the Vita tragedy incident?

(b) Are Government aware that the Vita Tragedy Committee had requested the Honourable the Agent to the Governor-General in the States of Western India, Rajkot, to recommend Mr. Ebrahim to the Royal Humane Society of London for a medal for his gallant deed of saving 82 souls at the risk of his life?

(c) Will Government be pleased to state whether any steps were taken to appreciate the services of Tindal Ebrahim of Cutch Mandvi for saving human lives during the Vita tragedy?

The Honourable Sir Alexander Muddiman: (a) No.

(b) Yes.

(c) Orders have been issued for the presentation of a pair of binoculars in a leather case to the Tindal and the question of recommending him for an award of the Royal Humane Society is under consideration.

COMMITTEE TO INQUIRE INTO CONDITIONS OF EMBARKATION AT PORTS.

61. Mr. Jamnadas M. Mehta: Have Government received a representation from the public meeting of the Cutchies of Bombay held under the auspices of the Vita Tragedy Committee and the Indian Merchants' Chamber to appoint a committee of inquiry?

COMMITTEE TO INQUIRE INTO CONDITIONS OF EMBARKATION AT PORTS.

62. Mr. Jamnadas M. Mehta: Will Government be pleased to inform when an inquiry committee with a majority of non-officials will be appointed to inquire into the matter of improving facilities in regard to embarkation and disembarkation of passengers at the various ports in India where ships have to lie out in the stream?

The Honourable Sir Charles Innes: I will reply to questions Nos. 61 and 62 together. The answer to the first question is in the affirmative. As regards the second question after careful consideration the Government of India have come to the conclusion that no useful purpose will be served by appointing the proposed committee. Local Governments have, however, been asked to consider whether any action can be taken to improve the existing facilities for the embarkation and disembarkation of passengers at places where ships have to lie out in a roadstead.

RACIAL DISCRIMINATION IN LEAVE AND ALLOWANCES IN THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

63. Rai Sahib M. Harbilas Sarda: (a) With reference to my questions in the last session of the Assembly regarding differential treatment meted out on the Bombay, Baroda and Central India Railway as regards pay, annual increment and leave rules, will Government be pleased to inquire and let the House know—

(i) if Indian officers who had drawn consolidated pay before the introduction of the revised scale of pay, are denied the benefit

of the overseas allowance while Anglo-Indian officers of Asiatic domicile of the same length of service are granted it?

(ii) why, while the Anglo-Indian officers of Asiatic domicile are granted Rs. 50 per year as increment, the Indian officers of the same service and standing are granted Rs. 40 per year only?

(iii) why Indian officers are denied the benefit of furlough leave and other privileges under the Leave Rules which are granted to their confreres of the Anglo-Indian community?

(b) Are Government prepared to direct that all racial distinctions be removed and the privileges granted to the Anglo-Indian Officers are also offered to their Indian brother officers of the same service and standing?

Mr. A. A. L. Parsons: Enquiries have been made and the information asked for will be supplied to the Honourable Member when received.

THROUGH 1ST AND 2ND CLASS BOGIE BETWEEN AJMER AND JODHPUR FOR CONVENIENCE OF PASSENGERS.

64. Rai Sahib M. Harbilas Sarda: Are Government aware that First and Second Class passengers travelling from Jodhpur to Ajmer have to leave their carriages at 11 P.M., and stay at the Marwar Junction Station till 2-45 A.M., before they get the train to take them to Ajmer, and that passengers coming from Ajmer to Jodhpur suffer similar inconvenience, while Third Class passengers travelling by the same trains are saved this trouble as through Third Class carriages are attached to both the trains? Do Government propose to move the Bombay, Baroda and Central India Railway authorities to attach a composite carriage to the night trains running between Ajmer and Jodhpur to save First and Second Class passengers from this great inconvenience?

Mr. A. A. L. Parsons: The facts are as stated. I have sent a copy of the Honourable Member's question to the Agent, Bombay, Baroda and Central India Railway, so that he may consider the suggestion.

ELECTION OF DEPUTY PRESIDENT.

Mr. President: The Assembly will now proceed to the election of a Deputy President by ballot. I have to announce in accordance with sub-order (3) of Standing Order 5 that I have received ten notices duly signed, nominating the following four candidates for election, namely:

1. Mr. Kshitish Chandra Neogy.
2. Maulvi Muhammad Yakub.
3. Nawab Sir Sahibzada Abdul Qaiyum.
4. Mr. Tasadduq Ahmad Khan Shervani.

Sir Abdul Qaiyum has since withdrawn his candidature. There remain therefore three candidates, namely:

1. Mr. Neogy,
2. Maulvi Muhammad Yakub, and
3. Mr. Shervani.

[Mr. President.]

The names of the proposers and seconders are as follows :

For Mr. Kshitish Chandra Neogy :

Proposers.

Mr. Sarabhai Nemchand Haji.

Mr. Keshav Chandra Roy.

Mr. Dharendra Kanta Lahiri Chaudhury.

Seconders.

Mr. Bhabendra Chandra Roy.

Mr. Ambika Prasad Sinha.

Rai Sahib M. Harbilas Sarda.

For Maulvi Muhammad Yakub :

Proposer.

Raja Ghazanfar Ali Khan.

Secunder.

Mr. G. Sarvotham Rao.

For Mr. Tasadduq Ahmad Khan Shervani :

Proposers.

Pandit Motilal Nehru.

Mr. Fazal Ibrahim Rahimtulla.

Mr. Dattatraya Venkatesh Belvi.

Seconders.

Mr. S. Srinivasa Iyengar.

Khan Bahadur Haji Abdulla Haji Kasim.

Mr. Yusuf Imam.

There is one other notice on behalf of Dr. A. Suhrawardy, proposed and seconded respectively by Mr. Ambika Prasad Sinha and Mr. Anwar-ul-Azim, but since this notice was not handed to me by the proposer as required by sub-order (2) (ii) of Standing Order 5 I have rejected it.

The rules regulating the manner in which the ballot shall be held have already been circulated to Honourable Members.

Honourable Members will now come up to the table and receive the ballot papers from the Secretary in the order in which I call their names. After receiving the ballot paper each Member will record his vote at the table behind the President's Chair, and hand it to the Secretary. Sir Abdul Qaiyum's name appears on the ballot papers, but as he is no longer a candidate no vote should be recorded in his favour.

(The balloting then took place.)

There have voted for Maulvi Muhammad Yakub 53, for Mr. Shervani 40 and for Mr. Neogy 18. As no candidate has got a majority of the total votes recorded, we shall have, I am afraid, to go through the process again

and this time the ballot will be as between Maulvi Muhammad Yakub and Mr. Shervani.

(The balloting was again gone through.)

If any Honourable Member has not voted, he will kindly speak out and the Chair will give him an opportunity to record his vote. As no Honourable Member speaks out, I take it that all Honourable Members have voted. I now ask the Secretaries to open the ballot box and count the votes.

(The votes were counted.)

The result of the voting is as follows:

For Maulvi Muhammad Yakub—59 votes.

For Mr. T. A. K. Shervani—55 votes.

I therefore declare Maulvi Muhammad Yakub duly elected. The approval of His Excellency the Governor General is necessary by Statute for this election and it will be duly sought for.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

ELECTION OF PANEL FOR CENTRAL ADVISORY COUNCIL FOR RAILWAYS

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I beg to move:

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, a panel consisting of eight members from which six shall be selected to serve on the Central Advisory Council for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

Mr. President: I may inform the Assembly that for the purpose of the election of the Members of the Central Advisory Council for Railways the Notice Office will be open to receive nominations up to 12 Noon on Thursday, the 3rd February and the election will take place in this Chamber in accordance with the system of proportional representation by the single transferable vote on Monday, the 7th February.

THE INDIAN LIMITATION (AMENDMENT) BILL

(AMENDMENT OF ARTICLE 182 OF SCHEDULE I.)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move for leave to introduce a Bill further to amend the Indian Limitation Act, 1908, for a certain purpose. That purpose is to amend Article 182 in Schedule I of that Act. This Bill, Sir, is indeed a very small one. It contains only one operative clause, but it is a Bill of considerable importance and it is based, as so many other small Bills I have been bringing in recently are, on the recommendations of the Civil Justice Committee. The Civil Justice Committee were much impressed, as indeed they might

[Sir Alexander Muddiman.]

well be, by the difficulties of decree holders in obtaining anything more than a decree. It was said many years ago that when you win a civil suit in India your troubles really begin because execution is so difficult. Those of us who have had experience in trying civil cases will probably agree that execution is one of the most difficult things to obtain in this country, i.e., execution in realisation of a decree, not the other kind of execution. This Bill is not based on the original recommendations of the Civil Justice Committee. They made two proposals. They first of all considered a reduction in the period of limitation and they themselves were rather in favour of that. Well, Sir, we went into the matter at considerable length and we preferred in the end to take their second recommendation. That had this advantage for, as they pointed out, on the question of the amendment made by this Bill opinion was unanimously in its favour. The other proposal was a more difficult one and there was some difference of opinion. Put very briefly, our present proposal is that the period of limitation provided for in Article 182 of the Act should begin not from the date of the last application for execution, but from the date of the last Order on a previous application. That, Sir, is the purpose of this very short Bill which I ask for leave to introduce.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE INDIAN MERCHANT SHIPPING (AMENDMENT) BILL.

The Honourable Mr. J. W. Bhore (Member for Education, Health and Lands): Sir, I beg to move:

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, be referred to a Select Committee consisting of Raja Ghazanfar Ali Khan, Mr. F. W. Allison, Sir Walter Willson, Nawab Sir Sahibzada Abdul Qayyum, Mr. S. N. Haji, Mr. M. A. Jinnah, Maulvi Muhammad Yakub, Maulvi Muhammad Shafi, Mr. Mohammad Ismail Khan, Maulvi A. H. Natiq Dr. A. Suhrawardy, Khan Bahadur Haji Abdullah, Haji Kasim and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six."

Sir, I think I ought to explain that this Bill owes its genesis to a promise given in this House on the 5th March 1925 by the Honourable Sir Muhammad Habibullah that a Bill—or rather, that legislation on the lines of this Bill would be introduced as soon as possible. That promise, Sir, in its turn was the result of strong representations made by many Moslem Members of this House who brought to notice the very serious hardships and inconvenience imposed on pilgrims by the action of pilgrim ship owners who, after notifying a definite date for sailing, delayed the despatch of their vessels until it suited their convenience to let them sail. In such cases, Sir, pilgrims who gather from all parts of India in expectation of sailing on a definite date are forced to stay on indefinitely at the port of embarkation drawing upon their very slender resources, running the risks that strangers—and ignorant strangers at that—must inevitably run from the hordes of sharpers and crooks who regard them as their natural prey, and crowding the seais and rest houses to the menace of public health generally. It was found, Sir, on enquiry that these complaints had a solid foundation and this Bill has been introduced in the hope that it will go some way towards meeting the evil complained of.

I ought, Sir, further to explain that the proposed new section 809-B is a re-enactment with some modifications of certain provisions of the Bombay and Calcutta Protection of Pilgrims Acts. It was thought that it would be convenient if the scattered provisions of the existing law relating to this subject, with such modifications as might be necessitated by present-day conditions, were brought together in a single legislative enactment, and this, Sir, we are now doing. Sir, I move.

Mr. K. C. Roy (Bengal: Nominated Non-Official): Sir, I propose that the name of Mr. Fazal Ibrahim Rahimtulla be added to the Committee.

The Honourable Mr. J. W. Bhore: I have no objection at all, Sir.

Mr. President: The question is that the name of Mr. Fazal Ibrahim Rahimtulla be added to the Select Committee

The motion was adopted.

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, I feel rather more hesitation than usual in addressing the House on the subject of this Bill. It has, as Mr. Bhore has just pointed out, been introduced as the result of a promise given to the House by Sir Muhammad Habibullah in deference to a feeling which was very definitely expressed by many Moslem Members, and the Government have been bound by that promise. As there are so many new Members in the House I might perhaps trespass upon their time just to explain my personal attitude in regard to the pilgrim question.

It is one, Sir, in which I have been interested for more than thirty years both indirectly and directly; and if I were to claim, as I think I almost might, that I was the first person to suggest the introduction of compulsory return tickets as the only means of solution of the difficulties which have been experienced in the Hedjaz I think it would be hard for anybody to contest that claim. I visited Java in the year 1910 and found that the return ticket system was in use there with great success and I first urged it in India in the year 1912. That, Sir, is my personal interest in the start of this question. I am fully aware of the great scandals that occurred in Bombay over many many years in which unfortunate pilgrims were induced to come down to Bombay to undertake their holy pilgrimage to Mecca and when they got to Bombay, they found neither ships to take them nor tickets available at the prices at which they had been informed. Feeling as I did that this whole question had been subject to such abuses in the past, I have naturally supported any legislation that has come before this House to improve the pilgrims' lot; and that is still the attitude I wish to adopt to-day. I want Honourable Members therefore to understand that any remarks I have to make now against this Bill are against a certain outstanding and, in my opinion, very dangerous principle which is in this Bill. But I do not want them to think for one moment that anything I say is aimed against the betterment of the pilgrimage conditions. I would like to say that I have known a case of a ship advertised to sail from Bombay with pilgrims on a given date and that on that date I saw that ship in dry-dock at Calcutta, unrepared; unready even to leave Calcutta, and the unfortunate passengers were hanging about Bombay at their own expense. They are a very poor class of men; to have any portion of their means eaten up by sharks in Bombay is extremely hard upon them and nobody will be more pleased than I am if we are able to improve those conditions. But, Sir, I think I have been perhaps rather to blame to this House, that I did not on a previous occasion say what I am going to say now, in which case perhaps Sir Muhammad Habibullah might not have been so ready to commit himself to introduce

[Sir Walter Wilson.]

this Bill. It is simply this, Sir. This Bill itself is in many ways a bad Bill, but it may be possible to improve it tremendously in Select Committee; so I am not at the present moment wanting to oppose that. But I do say that the principle of penalising a shipowner—in other words of fining him for any failure on his part to sail at a given time—has no parallel, so far as I know, throughout the whole world. There is no parallel to it. You cannot fine a railway company if its trains run late and the passengers are delayed. You cannot fine a barrister if he fails to appear in court to defend a client, and you cannot fine a doctor if he fails to arrive at the bedside in time to save the life of a patient. In my view you ought not to attempt to fine a shipowner whose ship is delayed. Those who know anything about shipping know that despatch is one of the most important of its considerations, and no shipowner wilfully delays his ship.

What has happened in the past is that unprincipled ship agents have advertised ships to sail on dates on which they knew they could not sail, and if I am willing to let it go to the Select Committee, I want it recognised that the principle of this Bill is to stop *mala fide* advertisements and not to introduce the principle of penalisation of a shipowner. The contract is between the shipowner and the passenger, and it should not, in my opinion, be possible for Government to step in and order a fine to be paid. I think the Assembly would be ill-advised to start a precedent and interfere arbitrarily and capriciously in private contracts of this nature or to regulate from Delhi the activities of industries upon whose free and unhindered development the prosperity of this country largely depends. What I have said so far, Sir, is to that extent opposing what might be regarded as one principle of this Bill. There are many things in the Bill which I do not like, but I do not want to carry my opposition to it any further than that. In the Select Committee on previous occasions I found with the greatest pleasure that my Muhammadan colleagues thoroughly understood the traffic and evolved our last Bill which was a very good one, but this particular principle is one that I do not wish to see introduced by a backdoor or under special circumstances which require treatment of another kind. I would like to develop that point just a little bit further and would ask the House to consider for a moment what would happen in a place like Calcutta. Now, Calcutta has only been thrown open as a pilgrim embarkation port last year. The fact is that Calcutta is not popular with pilgrims, and they much prefer to go to Bombay where they can do the shorter journey by sea. I want to tell the House that the opening of Calcutta last year has so far proved an absolute fiasco in spite of all that was done to try and popularise it. There were only two steamers on berth there, and one of them was ready, clear of inward cargo and to leave on the 13th of March, and yet, because the pilgrims did not come forward,—mind you, the pilgrims did not come,—the owners kept the ships in Calcutta until the 8th of May when she sailed with only 268 pilgrims, while her carrying capacity was 1,435. The second ship had a capacity of 1,600 pilgrims and she sailed at a later date with only 614 pilgrims. Now, that was a creditable attempt on the part of two different shipowners to cover the berth in Calcutta and to give pilgrims an opportunity of sailing from there if they so wished. But what would be the result of a Bill like this? Supposing that first ship was in Calcutta altogether for 56 days, if you multiplied the number of passengers by 56, you would see the amount of fine that would have been paid. Under these

liabilities it is perfectly obvious that there would have been no ship at all. I understand that Government are holding an inquiry into the question as to whether Calcutta should be kept open as a pilgrim port or not, but pending a decision on the point, it is open as a pilgrim port and it is advisable that the berths should be covered and passages obtained if pilgrims wished to get them.

Now, Sir, I think I have shown that the particular principle of this Bill is dangerous. Nevertheless, there are so many points worthy of consideration that so long as I am not taken to be accepting as a principle of this Bill the fining of shipowners but only the stoppage of *mala fide* advertisements which are the root of all this trouble, then, Sir, I am quite willing that this Bill should be referred to a Select Committee, and in that Select Committee on which I serve I shall be happy to do anything I can to improve what otherwise looks like a rather dangerous Bill.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I rise to support the Bill. I am glad that the Government have at last been able to introduce this Bill. In fact it has taken such a long time for the Government to introduce it that some people outside the Assembly were getting suspicious as to whether the Government is going to fulfil the promise which was made on the floor of this House or not. As the Honourable the Mover of the Bill has explained before the House, this Bill is a supplement to the last Merchant Shipping Act of 1925 by which return tickets were made compulsory for the pilgrims to Mecca. At that time it was clearly pointed out that the hardships of poor pilgrims will not be removed only by making the purchase of return tickets compulsory because the pitiable condition to which the hajis were reduced at Jeddah and Bombay was due not only to the fact that they had no return tickets but to a great extent it was due also to the fact that generally the poor people, who travel in the third class, and for whom these return tickets have been made compulsory, belong to a class who have just sufficient money to make both ends meet. Now, when they reach Bombay or on their return journey when they arrive at Jeddah, they have to wait there for weeks and months before starting on their journey, their scanty provisions are exhausted and they are reduced to a state of beggary. So only the purchase of return tickets would not have removed the evil which was aimed at by the previous Bill and therefore it was suggested that until some measures were adopted to make the starting of the ships regular the object of the previous Bill would not be attained and it was for this reason that the Government promised to introduce this Bill as a supplement to the last one.

Now, Sir, my Honourable friend Sir Walter Willson has objected to the principle underlying this Bill. I am thankful to him for the considerate speech that he has delivered in the House. He has not objected to the stopping of *mala fide* advertisements; he only objects to the principle that penalising the shipowners should not be permitted generally for the sake of the convenience of the passenger or for the regularity of the starting of the ships. But I submit, Sir, that by introducing this Bill it was never intended, and it is not meant in fact on this side of the House to establish a general principle.

We quite agree with the Honourable Sir Walter Willson that shipowners should not be penalised generally in this way. We are quite at one with him when he says that penalising the shipowners should not be allowed in a free and unscrupulous manner. But no general principle is involved in the present Bill. This is a particular measure for particular

[Maulvi Muhammad Yakub.]

persons and at particular times and in special circumstances. Therefore, my friend Sir Walter Willson will realise that we are not establishing a general principle of penalising the merchant ships. On the other hand, the object of this Bill is only to remove the difficulties of the pilgrims to holy places and if he finds that some of the provisions of the Bill are not so happily worded as he wants, then I hope that, as he is one of the members of the Select Committee on this Bill, we will be able to have the benefit of his sound advice and thus to improve the Bill in the light of the observations which he has just now made.

With these few observations, Sir, I beg to second the motion that the Bill be referred to a Select Committee.

The Honourable Mr. J. W. Bhore: Sir, I quite recognise that the arguments of my Honourable friend Sir Walter Willson cannot be ignored and I should like to say that while the Government of India are very averse to embarking on any legislation which may involve interference with the ordinary course of commercial and business practice, in this particular case, Sir, they have clear justification for their action I do not know, Sir, whether my Honourable friend, Sir Walter Willson, drew his inspiration from the Bengal Chamber of Commerce or whether the Bengal Chamber of Commerce drew its inspiration from Sir Walter Willson, but the case he has put forward agrees generally with the objections which have been raised by that Chamber in a letter to the Government of India and I should like very briefly to consider those objections, firstly because of the authoritative source from which they emanate, and secondly because they appear to me to exhaust all that might reasonably be said against this Bill. The first point that the Calcutta Chamber of Commerce makes is that the carriage of pilgrims is a commercial venture just as much as the carriage of any other class of passengers. The Chamber then goes on to remark:

"In fact, in the majority of cases, the sole reason for postponing the . . .

Mr. President: Order, order. The Honourable Member cannot introduce altogether new matter by way of reply. He must confine himself to the arguments advanced by Sir Walter Willson and by Maulvi Muhammad Yakub. The matter he is referring to is entirely new.

The Honourable Mr. J. W. Bhore: I am sorry, Sir. I need refer only to the one point raised by my Honourable friend Sir Walter Willson, that never to his knowledge has the principle of penalising a shipowner for delay in sailing ever been introduced in legislation before.

Sir Walter Willson: I should have said "*per capita*."

The Honourable Mr. J. W. Bhore: All I need say to that is that we are not now for the first time embodying in legislation the principle of imposing a penalty on a pilgrim-shipowner for failure to sail on an advertised date. If the House will refer to the provisions of the Bombay Protection of Pilgrims Act, 1887, as amended by Act V of 1915, it will observe that these delays are already penalised. All that we are now seeking to do in the present instance is that we are endeavouring to make it possible to pay that penalty to the person who really suffers, namely, the pilgrim, instead of into the coffers of Government. That, I think, Sir, covers the objection raised by my Honourable friend. He also mentioned the case

of Calcutta. I admit that Calcutta is a special case in view of the fact that it was only opened to pilgrim traffic last year. But, Sir, it seems to me highly improbable that we shall be able to apply the provisions of this Bill this season to Calcutta and in this case, Sir, I think an adequate moratorium will have been given. I trust that in view of what I have said my Honourable friend will not press his objections and that we shall have the benefit of his very wide experience in shipping matters in Select Committee.

Mr. President: The question I have to put is:

"That the Bill further to amend the Indian Merchant Shipping Act, 1923, be referred to a Select Committee consisting of Raja Ghazanfar Ali Khan, Mr. F. W. Allison, Sir Walter Willson, Nawab Sir Sahibzada Abdul Qayyum, Mr. S. N. Haji, Mr. M. A. Jinnah, Maulvi Muhammad Yakub, Maulvi Muhammad Shafi, Mr. Moham-
med Ismail Khan, Maulvi A. H. Natiq, Dr. A. Suhrawardy, Khan Bahadur Haji
Abdullah Haji Kasim, Mr. Fazal Ibrahim Rahimulla and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six."

The motion was adopted.

THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): I move:

"That the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose, be taken into consideration."

This is a Bill containing 17 clauses but it is very simple in its purpose. Its object is to provide that negotiable instruments including cheques and bills of exchange which are expressed on the face of them as drawn to bearer shall not in any circumstances lose their character as bearer instruments on account of their having been indorsed. A judgment of the Bombay High Court has led to difficulty in this matter because it has made it clear that under the law as it stands at present it is possible to alter the character of a bearer document and make it into an order document. That is not merely inconvenient from the point of view of the banks and business houses but it has the disadvantage of threatening the development and the extension of banking facilities and the banking habit in India. It is very important that whenever we find a defect of this sort in our law we should not be slow to correct it for fear that the result might be to check what I know many in this House regard as I do as being one of the most important services that we can render to India in the next decade and that is the great development of banking facilities. The Bill is in a sense a technical one. I was under the impression that with the exception of some questions in regard to particular kinds of bills of exchange there was no point of controversy which was likely to arise and I still believe that is the position. I should myself be prepared to attempt with the help of the Honourable the Law Member to explain in this House in the course of the discussion the points that might rise but there is, I understand, some desire to have the Bill examined in Select Committee and I do not propose on behalf of Government to object to such a motion. I move.

Sir Purshotamdas Thakurdas (Indian Merchants Chamber: Indian Commerce): The Bill which is now before the House is an amending Bill. Since 1881, when the Negotiable Instruments Act was passed, an

[Sir Purnshotamdas Thakurdas.]

amendment of the nature that is now put before the House for its consideration was not considered necessary. As the Statement of Objects and Reasons says, the amendment is necessary in the eyes of the Government owing to a ruling of the Bombay High Court. As the Honourable Member has agreed to the reference of this Bill to Select Committee I do not wish at this stage to take up the time of the House by going into the special point of view urged by the Indian Merchants' Chamber of Bombay against what the Associated Chamber wanted. As I read the Bill, it strikes me that the Government of India have accepted the view of the Associated Chamber and appear to have rejected the view of the Indian Merchants Chamber. I think that the right place in which to consider this fully may be the Select Committee, but I wish to make clear that the object of the Bill is to provide that "a negotiable instrument originally made payable to bearer shall be negotiable by delivery notwithstanding that it has been indorsed in full." I do not know, whether you would rule that even in an amending Bill, if the Bill is committed to Select Committee, the House commit themselves to the principle of the amending Bill. If that be so, and unless the Honourable Member is prepared to leave that open, in a Bill which is not a new one but an amending one, I am afraid it would be my painful duty to oppose this Bill at this very stage. There are very serious reasons why, in the light of the information that I have till now either from the legal point of view or the practical point of view, any such acceptance of principle by this House is very undesirable.

Therefore before I put the details of my reasons before the House, which would take me the best part of half an hour at least, I would like to know whether the Honourable Member in charge is prepared to allow this Bill to go to the Select Committee without the House committing themselves to the principle which is involved in this Bill. I do not know, Sir, what the legal aspect is. I do not know whether the principle is as strictly enforced in an amending Bill as in a new Bill and I wish to put this technical inquiry before I proceed further.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban):

Sir, in supporting this motion for the Select Committee without surrendering my right or the right of the Members of the House to discuss the principle, I would point out that it is impossible really to discuss legal points of this technical character without first having the matter fully threshed out by a Select Committee. And we do not get the necessary conveniences of books here. I tried to obtain two copies of the Negotiable Instruments Act but they contained sections as originally enacted and did not contain the amendments introduced in 1914-19. And other Members of this House find equally serious inconvenience in being unable to get the necessary assistance, without which technical legislation of this description cannot be satisfactorily put through in a popular representative House. I would therefore cordially support Sir Purnshotamdas's motion for a Select Committee while at the same time reserving my right to question the changes in the law which are indicated in the statement of objects and reasons. For by reading the Bill I understand nothing. It says: "Insert or omit certain words in certain places", and when I refer to the Act I do not find those places there. We must get some other editions of the Act. I do not know whether the Legislative Assembly Office will make it convenient for Members of the House to get on payment copies of the Act or whether motions like these should not be made in sufficient time even for legal men to understand the business put before

the House. For these reasons I support the motion for the Select Committee.

Mr. President: Has the Honourable Member from Bombay moved his motion for Select Committee?

Sir Purshotamdas Thakurdas: No, Sir, I have not. I was speaking on the motion before the House, namely, that the Bill be taken into consideration. I would not like to move the motion for Select Committee unless I know what the legal rights are as far as the acceptance of the principle of the Bill is concerned.

Mr. President: It is not for the Honourable the Finance Member to say whether the House would be committed to the principle of the Bill ~~it~~ accepts the motion for a Select Committee. Whether it is a new Bill or an amending Bill the principle is the same, namely, that the House commits itself to the principle involved in the Bill if it refers it to a Select Committee.

The Honourable Sir Basil Blackett: I do not know that I am capable of saying how far the Bill has as its principle that all the documents referred to should become bearer documents once for all if the Bill is passed. But I think it is quite clear, at any rate so far as my intention goes, that the object of this Bill is to declare that certain negotiable instruments ought to be made to bearer once for all, and I believe that would really meet Sir Purshotamdas's difficulty.

Sir Purshotamdas Thakurdas: I thank the Honourable Member. I am quite agreeable to certain instruments being declared payable to bearer, so long as it is clear that this does not apply to all instruments. What I want can now be considered in the Select Committee. On that understanding, Sir, I wish to move the amendment standing in my name, namely:

"That the Bill be referred to a Select Committee consisting of the Honourable Sir Basil Blackett, the Rev. Dr E. M. Macphail, Mr. L. Graham, Mr. R. K. Shanmukham Chetty, Mr. M. S. Aney, Mr. Fazal Ibrahim Rahimtulla, Mr. Anwar-ul-Azim, Mr. G. D. Birla, Mr. A. Rangaswami Iyengar, Mr. Jamnadas M. Mehta, Mr. Vidya Sagar Pandya, Sir Walter Willson and the Mover, with instructions to report not later than the 15th February 1927, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

I wish, Sir, before sitting down to make one observation. Unfortunately owing to a misunderstanding between me and the Legislative Department, the name of Mr. V. K. Aravamudha Ayyangar which I had intended to come in, has not been put on the paper. I wish, therefore, as I intended, to add the name of Mr. V. K. Aravamudha Ayyangar on the Select Committee, and I wish to ask that his name be added. But to-day, Sir, I find that three more new Members have taken their oaths. Whilst I do not wish to make the Select Committee an unwieldy one I feel that if the House are disposed to add three more names consisting of persons who would be particularly interested in this question, I would suggest Rai Bahadur Tarit Bhusan Roy, Mr. Kikabhai Premchand, and Mr. Harchandrai

Mr. President: Order, order. The Honourable Member himself cannot go on adding names. That can be done by way of amendment. He is at liberty to add the name of Mr. Ayyangar because it was omitted by a mistake of the Department according to him, but he cannot go on adding other names.

Mr. L. Graham (Secretary, Legislative Department): Sir, before the debate proceeds, might I ask Sir Purshotamdas Thakurdas to explain

[Mr L. Graham.]

precisely the mistake which he says I made. I think it was really a misunderstanding on his part.

Sir Purshotamdas Thakurdas: The mistake that has been made is that I put in the name of Mr. A. Ayyangar. I did not know then that confusion was likely to arise between Mr. A. Rangaswami Iyengar and Mr. V. K. A. Aravamudha Ayyangar. It is a mistake due to a certain similarity of names.

Mr. President: The Honourable Member may add the name of Mr. Ayyangar but he cannot add any other names.

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I propose that the names of Mr. S. Srinivasa Iyengar and Pandit Motilal Nehru be added.

The motion was adopted.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): I would suggest the addition of the name of Mr. Harchandrai Vishindas.

The motion was adopted.

Mr. K. O. Roy (Bengal: Nominated Non-Official): Sir, this Bill is very important to my Presidency and I am therefore very anxious that the name of a Member from Calcutta representing Commerce, Rai Bahadur Tarit Bhusan Roy, be added, as also the name of Mr. Kikabhai Premchand, who is a well-known authority from Bombay in connection with the operation of the Negotiable Instruments Act.

The Honourable Sir Basil Blackett (Finance Member): I trust the Committee Room is a large one.

Mr. President: Order, order. The Honourable Member may, if he chooses, oppose the motion. The question I have to put is that the names of Mr. Kikabhai Premchand and Rai Bahadur Tarit Bhusan Roy be added to the list of the Select Committee.

The motion was adopted.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): I propose that the name of Mr. Nirmal Chunder Chunder be added.

The motion was adopted.

Mr. President: The question I have to put is:

"That the Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose, be referred to a Select Committee consisting of the Honourable Sir Basil Blackett, the Rev Dr. E. M. Macphail, Mr. L. Graham, Mr. R. K. Shanmukham Chetty, Mr. M. S. Aney, Mr. Fazal Ibrahim Rahimtuulla, Mr. Anwar-ul-Azim, Mr. G. D. Birla, Mr. A. Rangaswami Iyengar, Mr. Jamnadas M. Mehta, Mr. Vidya Sagar Pandya, Sir Walter Willson, Mr. V. K. A. Aravamudha Ayyangar, Pandit Motilal Nehru, Mr. S. Srinivasa Iyengar, Rai Bahadur Tarit Bhusan Roy, Mr. Kikabhai Prem Chand, Mr. Nirmal Chunder Chunder, Mr. Harchandrai Vishindas and the Mover, with instructions to report not later than the 15th February 1927, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

THE INDIAN SECURITIES (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member). Sir, I beg to move :

"That the Bill to amend the Indian Securities Act, 1920, for certain purposes, be taken into consideration."

The purposes for which it is desired to amend the Indian Securities Act in this matter are two. In the first place, owing to the passage of the Indian Succession Act, 1925, a defect has been found in the protection at present or previously prescribed in regard to Government loans in the matter of the replacement of lost securities. Elaborate arrangements are made in the Indian Securities Act with a view to protect the tax-payer against the liability to pay more than once in respect of the same sum which has been borrowed by the Government. The arrangement there laid down is that a duplicate is not issued for a period of 6 years so that when the duplicate is issued, the Government are protected by the statute & limitations from any liability on the original. It has been found that under the Indian Succession Act it is now possible in the case of securities standing in the name of a deceased person for a demand to be made for the issue of a duplicate immediately, so that Government are no longer protected, the tax-payer is no longer protected, against the liability to pay twice over in respect of the same sum. That is one purpose of this Bill. The other is to remedy a defect which has been found to exist which was not known to exist until a judgment known as the Baipuli case judgment was issued a year or two ago. The intention of the present law was that, once the Government had announced their intention to repay a terminable loan and give notice that they would repay, from the date in respect of which they gave notice or from the date on which the terminable loan became due under the original contract interest ceased to run as against the Government or against the tax-payer. It is obviously necessary in case of terminable loans which are usually borrowed at rather higher rates of interest, the intention being to convert them at a later date at a lower rate of interest, that the Government as a borrower should be able after a given date to offer repayment in full and no longer have interest at that high rate running against them. The statute also laid it down that after a period of three years in the case of certain loans and six years in the case of others, the Government had no liability for the principal if the principal had not been claimed by the holder of the security. That did not mean that the Government did not in practice honour any demand that was proved after the period of limitation had expired. But that was a matter of grace and favour just as exactly is the case in regard to currency notes, promissory notes of Government. There is no liability on the Government to honour a lost note or a defaced note or a note which cannot be proved to be genuine but the Government do as a matter of grace and favour under elaborate regulations make arrangements for giving the value for these notes.

Similarly, in the case of Government securities, after the period has expired when they are liable for the principal as a matter of law, they do, as a matter of grace, regularly honour any claim that is clearly proved, but they are protected against any legal liability after the expiry of a given period, and it is obviously necessary that there should be a period after which they are protected, because otherwise eighty, ninety, or one hundred years after the date, a document may be brought forward, books may be destroyed, and it may be very difficult to prove that payment has already

[Sir Basil Blackett.]

been made, and the tax-payer will be asked to pay a second time a claim which has previously been discharged.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): What is the present period?

The Honourable Sir Basil Blackett: The present period is six years.

Mr. M. A. Jinnah: From the date of demand?

The Honourable Sir Basil Blackett: Not from the date on which the holder of the security makes the demand but from the date which is laid down either in the original contract or, in a case where notice has to be given, the date fixed in that notice. In the case of a terminable loan the date is usually fixed by the original contract, and it is after a period of six years from that date that any legal liability expires. In the case of a non-terminable loan where it depends on notice given by Government for the discharge, the period of legal liability ends three years from the date fixed by that notice. Six years is the general case and three in the particular case. This Bill proposes to fix the period at six years in all cases, that is, it has taken the longer of the two periods.

Mr. M. A. Jinnah: What is the period of the promissory note?

The Honourable Sir Basil Blackett: Three years in the case of a promissory note.

Two points are perfectly clear, one is that all we are asking to do is to restore the law so that it may protect the tax-payer, not quite so much as regards period but in the same way, in regard to fact, as it did before that judgment which I referred to was delivered two or three years ago, and before the passage of the Indian Succession Act last year.

Sir, I move.

Mr. M. S. Aney (Berar Representative): Sir, I beg to move the motion that stands in my name:

"That the Bill be referred to a Select Committee."

My reasons for doing so are briefly these. In the first place, I believe that the House must have felt very great difficulty in following the speech of the Honourable Sir Basil Blackett. This is one justification for asking this House to refer this Bill to a Select Committee. It is really a matter of a technical nature. One has to understand fully the bearings of the amendments which are proposed to be made in the existing Act. The Bill introduces important alterations in two points. Anybody who will peruse section 18 of the present Act will find that that section is entirely different from the one which it is proposed to substitute for it. In the first place I shall, for the benefit of the House, read out that section:—

"Save as otherwise provided in this Act:

- (i) on payment of the amount due on a Government security on or after the date on which payment becomes due, or
- (ii) when a duplicate security has been issued under section 10, or
- (iii) when a renewed security has been issued under section 12 or section 13, or a new security or securities has or have been issued upon conversion, consolidation or sub-division under section 15.

the Government shall be discharged from all liability in respect of the security or securities so paid or in place of which a duplicate, renewed, or new security or securities has or have been issued :

(a) in the case of payment—after the lapse of six years from the date on which payment was due ;”

and so on.

Now the first part of this section goes out altogether and will be omitted if the present Bill is passed. The real position in my opinion is that the liability of the Government under the Securities Act of 1920 stands so long as payment is not made. That is the position existing, while here, if I have understood the Bill aright, under the proposed Bill the liability of the Government to pay is altogether absolved if the demand is not made by the claimant within six years of the date on which payment is due. There is a permanent liability on the Government to pay the amount due on the security, whether the demand is made or not made. But under the proposed Bill, if the demand is not made within six years after the date on which the security becomes mature for payment, then the liability of the Government for the entire payment, including the principal advanced on the security, ceases. That is what is sought to be done by the present amending Bill. This has to be considered not merely from the point of view of the tax-payers, as the Honourable Member in charge seems to think, but also from the point of view of the creditors who have helped the Government in times of difficulty. So this is a matter which is not one of a formal nature. Nor can the proposed amendments be called mere verbal alterations in the Act which could be considered in the House merely on a motion of consideration immediately after the Bill was introduced a few days before. It is really a question which has to be clearly threshed out in the Select Committee, and all the bearings of that change on the position of the creditors and tax-payers must be properly understood by the House before it could give its assent to the Bill. Secondly I also have some doubts about the alterations that are sought to be made in section 10. As those who are lawyers practising in the civil courts know, the Succession Certificate Act is an Act that gives a right to the claimant to sue for the debts against the debtors including even the Government. Now here in this Act the succession certificate is sought to be declared null and void so far as the right of the claimant to sue for debts against the Government is concerned. That is the position created by this amendment. The reasons which have been assigned in the Statement of Objects and Reasons have, so far as I am concerned, not quite convinced me. I do not think that the safeguards which are mentioned here in section 10 are of such a nature that they are not capable of being properly protected by an inquiry made under the Succession Certificate Act. On the other hand, I feel that the very points which are to be inquired into by the prescribed officer under section 10 of the Securities Act of 1920 have to be inquired into even by the District Judge when he holds an inquiry under Chapter X of the Succession Certificate Act. And if that is so it is necessary for the House to see whether we should empower the prescribed officer to declare the rights created by the Succession Certificate Act null and void so far as Government securities are concerned. I do not see satisfactorily myself as to why Government should stand in a better position than other debtors. At any rate I am not satisfied that these points are not covered by the Succession Certificate Act. If they are not, the position will remain as it is; but that is a matter again which we must go through carefully after a careful comparison of the sections of the Indian Succession

[Mr M. S. Aney.]

Certificate Act with the provisions in section 10 of the Securities Act mentioned as safeguards in this Bill. So these are the two points which I believe the House will have carefully to consider, and the proper place for them to be considered in is the Select Committee.

For these reasons I move the amendment which stands in my name. There is also one more reason which I may commend to this House for the acceptance of this motion, and it is this. One of the objects of the Indian Securities Act of 1920—which was a consolidating measure—was the intention of the Government to facilitate ordinary people going in for Government loans and thus attract what is called the shy capital of the people, and make it fluid. That was one of its objects. Sir, if any impression goes out that the debts which Government have incurred from the people are not likely to be paid off if no demand within 6 years is made, it is likely to create a feeling which is bound to affect the tendency of the people to go in for Government loans hereafter. It is a matter to be seriously considered and from that point of view also I think the House will appreciate the motion for referring the Bill to a Select Committee, which I now formally move and commend to the House for acceptance.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban): Sir, here also the Government made a mistake in not putting this Bill before a Select Committee. A Bill of this character should be word-perfect and it will not do in technical matters like this to rush a Bill like this and take it up for consideration according to the rules of business. The Honourable Member who spoke before me was perfectly right in saying the tendency of this Bill will be to depreciate Government securities. As the law is stated in the Statement of Objects and Reasons, it is now open to a person to make his demand whenever he chooses and Government is not discharged unless 6 years elapse from the date of the demand when he makes one. The result of this Bill which is now proposed is that, irrespective of any demand, it discharges the Government security as soon as 6 years elapse from the date for payment mentioned in the security. It is not proper for Government, I think, to plead a limitation in any case, but certainly it is highly improper to plead limitation in the case of Government securities which are really regarded as readymoney assets by people. They may be illiterate people, there may be widows—so many persons who imagine that it is really so much liquid property; but it will after 6 years be waste-paper, if the Bill is to pass, just like an ordinary promissory note passed by ordinary persons. Therefore it is necessary that this measure should be carefully examined and whatever the policy indicated in this Bill may be, members of the Select Committee should have an opportunity of examining whether really the policy which is proposed is sound in conception, and whether it is carried out in a manner which will give just so much effect as is necessary for the purpose. Here again we have not had the opportunity of examining the provisions of this Bill with as much care as it requires. Therefore, for all these reasons, I support my Honourable friend Mr. Aney's motion to refer the Bill to a Select Committee.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, regarding the amendment proposed I understood the Honourable Mover of the Bill to mean that it will be open to anybody to claim interest on the amount even after the period of the loan is over. That is, if the loan is up to a

a particular year and the party does not care to take back the amount of the loan he may go on claiming interest on the amount for an indefinite period. But from the old Act, section 18, it appears that the interest ceases after the due date of payment; and the effect of the amendment would be that all the loans which are not claimed within six years of the date on which the amount falls due, the whole of the amount will be forfeited to the Government. No party can claim the amount. What is the total amount which will accrue in that way on the present loans on which interest has not been claimed in the last 6 years? Similarly, what is the amount of the interest which has not yet been claimed by the public on the several loans during the last 6 years? For, as soon as the Bill comes into effect all the amounts due to these parties will remain in the hands of the Government. And they have not told us whether that amount will go towards cancellation of the loans, or whether the Government will allow us to decide as to what should be done with that amount—whether it will be used for any productive works or whether it would be disposed of according to the wishes of the Assembly; and unless we know what is the total effect of this Bill—how much amount Government or rather the Finance Member is able to get in order to balance his budget, it will be very difficult for us to decide whether we should support this Bill or not. I would also like to know whether it is the intention of the Honourable Mover of the Bill next to claim the unclaimed balances in the Postal Savings Bank for the last six years!

The Honourable Sir Basil Blackett: I would ask, Sir, whether all this is in order.

Mr. President: The Honourable Member must confine himself to the motion before the House.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna Non-Muhammadian Rural): Sir, this is a measure that has been misconceived and badly drafted, without the least knowledge of the consequences, without knowing where it leads the Government as well as the unfortunate men who lend their monies to this Government. When money was wanted, advertisements were put up all over—"Well, people, come along and give us money. Your money is absolutely secure. Where is the security?" Having got the monies and having assured the public that they were a charge upon the revenues of the Government and that everything was safe and secure in the hands of the Government, this Bill is now introduced to wipe off the section that is already on the Statute-book and substitute in its place a provision that tells the people, "If you do not claim your money within six years you are out of court." The Honourable Member who has introduced the Bill was kind enough to say that as a matter of grace or concession the Government may still pay that money. Having taken the money, that the Government itself should have thought it advisable to say that it would be barred by limitation after six years, if not claimed within that period, is really the most extraordinary thing that I can think of. Let us examine section 2 of the Act, just for a minute. In section 2 of the Securities Act, X of 1920, the definition of "Government security" is as follows:

" 'Government security' means promissory notes (including treasury bills), stock certificates, bearer bonds, and all other securities issued by the Governor General in Council or by any Local Government in respect of any loan contracted either before or after the passing of this Act but does not include a currency note."

[Mr. T. Prakasam.]

All these, Sir, are amongst the securities which are supposed to constitute one section of the reserve of the Government of India finances. Now it is proposed that, if any Government security is not presented within six years after it has become due, the claimant is out of court. Then what becomes of all the securities that are offered as a guarantee of the currency notes that have been in circulation? By inflation and deflation no doubt you have fortified yourself under the provisions of another Act to do just as you please, but at least with regard to backing the notes there must be some definite principle, there must also be some justification for proposing such a measure as this. If any such securities are not presented within six years and happen to form part of the Reserve, and if all of them are barred and are not payable, then currency notes may be outstanding without any guarantee at their back. I may be wrong,—I hope to be corrected,—but I would challenge the Honourable Member to seek advice from the Honourable the Law Member and find out whether by passing a measure of this character the Government would not be going back upon their promise that the loans are a charge on the Revenues.

Another point, Sir. With regard to currency notes there is a provision that up to a hundred rupees, they may be presented for payment in forty years, and those above hundred rupees in hundred years and that, even if the notes are not presented within the prescribed period there is still a liability that attaches itself to the Government and also to the revenues of the Government. Even after 100 years, if the currency note is presented, the Government treats it as a charge upon the revenues. Are not these securities on the same footing? Is not the liability underlying these securities the same as in the case of the Government currency notes? Why should any difference be made between these two classes of securities? I cannot really understand why it is proposed to introduce this measure. Again, on the Succession Certificate Act, my friend Mr. Aney pointed out that the Government would like to have power even to ignore the provisions of the Succession Certificate Act, so far as it affects its own powers. A succession certificate given by a Court of law, after examining witnesses, after hearing the whole evidence, and after ascertaining who is the person that is entitled to it, is an adjudication, and it is proposed in this Bill that the judgment of the court should count for nothing so far as the right of the holder of the securities is concerned. Really, Sir, this is a serious matter and is fraught with very serious consequences. This measure even without a Select Committee ought to be thrown out by this House, but it may be considered by a Committee, so that everybody may understand whither we are going.

Mr. M. A. Jinnah: Sir, I do not wish to carry on this debate any further, but I should like to know whether the Honourable Member has really any serious objection to this Bill. If he has not, then I have got nothing more to say.

The Honourable Sir Basil Blackett: Sir, I have not had an opportunity of saying that, if the House really want a Select Committee for this Bill, I have no objection, except a general one. We have already got the Standing Finance Committee and other Committees which are sitting, and they are already taking up a great deal of time, and it seemed to the Government that a simple Bill of this sort might well be decided quite quickly on the floor of this House. If Honourable Members would take a little

trouble before they came to the House to read the Bills that were coming up, they would not have to set to work on the floor of the House to invent beautiful arguments which have no doubt very many merits but have the one demerit of being entirely irrelevant and unconnected with the matter under discussion. This Bill proposes to restore the law to the position that we thought was the legal position until a year or two ago. That is all that is proposed. All the beautiful pictures that have been drawn are really not relevant in view of the fact that all that we are suggesting is that the law should be restored to the position in which it was believed to be when practically all the securities in the hands of the public were issued. The public were not frightened from taking those securities by the existence of the law in that form. However, if there is a real desire to have this Bill referred to a Select Committee, I think it is far preferable that we should refer it to a Select Committee than continue, as we have been doing, to discuss it in this House.

Mr. President: The original question was:

"That the Bill to amend the Indian Securities Act, 1920, for certain purposes, be taken into consideration."

Since which an amendment has been moved.

"That the Bill be referred to a Select Committee."

The question is that that amendment be made.

The motion was adopted.

THE INDIAN LIMITATION (AMENDMENT) BILL.

(AMENDMENT OF SECTIONS 20 AND 21)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move:

"That the Bill further to amend the Indian Limitation Act, 1908, for certain purposes, be taken into consideration."

I do not think that Honourable Members can complain that this Bill has taken them by surprise. It was passed in the last Session of the Council of State and it has already been debated on one occasion in this House, and I trust that Honourable Members found no difficulty in getting copies of the Indian Limitation Act. I gather from the fact that no amendments have been put down except a proposal to omit clause 2 that it is unnecessary to speak on the other clauses, for they are in the same position as when they last came up before the last Assembly, that is to say, no one has criticized them. I will say a word or two about clause 2 to which apparently there is some objection felt by Honourable Members. Clause 2 changes the proviso to sub-section (1) of section 20 of the Indian Limitation Act. As Honourable Members know much better than I do, the effect of section 20 of the Indian Limitation Act is to allow a fresh period of limitation from the date of payment of interest on a debt or legacy or part payment of a debt before the prescribed period. The existing proviso provides that in the case of part payment of the principal of a debt, the fact of the payment should appear in the handwriting of the person making

[Sir Alexander Muddiman.]

the same That is a condition precedent to the section operating. That section was commented on by the Civil Justice Committee. They said:

"With regard to section 20, we think that the provisions of clause (1) as they stand lead to a number of frivolous suits long after the period of limitation prescribed."

They go on to say:

"It is easy, in the first place, for the plaintiff to say that within the time fixed the defendant paid him Rs. 1 or 2."

And, finally, they say that they really cannot see why part payment of the principal of a debt and payment of interest should not be put on the same footing. Well, Sir, when the Bill came up before in this House, it was objected, on the one hand, that these alterations in the law of limitation might affect people who had not due notice of them and it was further argued that it was not necessary that the payment should actually appear in the handwriting of the person making the same. We have accepted the criticism of the House on both these points and we have altered our clause and provided for the insertion of a new proviso to section 20, which runs as follows:

"Provided that, save in the case of a payment of interest made before the 1st day of January, 1928....."

this is important; it will give people plenty of time to know the change in the law of limitation. And secondly we provide that:

"an acknowledgment of the payment appears in the handwriting of, or in a writing signed by, the person making the payment,"

that is to say, a signed statement is sufficient.

I trust, Sir, that the House will accept my motion that the Bill be taken into consideration.

Mr. President: The question is:

"That the Bill further to amend the Indian Limitation Act, 1908, for certain purposes, be taken into consideration."

(Mr. S. Srinivasa Iyengar stood up).

Mr. President: Does the Honourable Member wish to speak?

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban): Yes. I wish to object to clause 2 of this Bill on one main ground.

Mr. President: There is an amendment for the omission of clause 2, when the Honourable member can speak. The question is:

"That the Bill further to amend the Indian Limitation Act, 1908, for certain purposes, be taken into consideration."

The motion was adopted.

Mr. President: Clause 2.

Mr. D. V. Belvi (Bombay Southern Division: Non-Muhammadan Rural): I have given notice of an amendment to clause 2. I object very strongly to the substitution of the new phraseology for

sub-section (I) of the present section 20 of the Indian Limitation Act. Section 20 of the present Limitation Act runs thus

"Where interest on a debt or legacy is, before the expiration of the prescribed period, paid as such by the person liable to pay the debt or legacy, or by his agent duly authorised in this behalf,

or where part of the principal of a debt is, before the expiration of the prescribed period, paid by the debtor or by his agent duly authorised in this behalf,

a fresh period of limitation shall be computed from the time when the payment was made :

Provided that, in the case of part payment of the principal of a debt, the fact of the payment appears in the hand writing of the person making the same "

This is the original wording of sub-section (I) of section 20 of the present Limitation Act. Now, it is proposed to introduce an innovation into this sub-section. It is sought to make it compulsory that, when payment of interest is made by a debtor to a creditor, the payment shall be evidenced by writing, either in the writing of the man who makes the payment himself or in the writing of somebody else but bearing the signature or an equivalent mark of the debtor himself. It seems to me that this proposed innovation is very objectionable. The present Limitation Act is modelled after the Limitation Act in England. I do not find any such provision in the English Act at all. There is no provision even in the American Act. Members who are desirous of consulting the provisions of the law in England and America may consult the books that are available in the library, but so far as I have been able to examine the law bearing on the point I am in a position to assure the House that we do not find any such provision either in the English law or in the American law. Even so far as the part payment of the principal is concerned, the English law does not require that that payment should be evidenced by writing. That is also an innovation by which it is sought to improve our law even beyond the provisions of the English Act. Such a provision is very objectionable. In the first place, the position that any creditor would be willing not to claim his interest during the time that is available to him but will put forward a false plea of payment of interest is very hard to understand. I have not come across a single case in the course of my practice at the bar, and I may tell the House that my practice has ranged over more than 30 years, in which it was pleaded by a creditor that his claim was in time because he had received the interest and the debtor in such a case ever pleaded to my knowledge that he had not paid the interest. This is all a figment of the imagination of the members of the Civil Justice Committee. The Civil Justice Committee has made a very large number of suggestions and I find that piecemeal legislation is undertaken by the Honourable Member in charge of these Bills from time to time. We find that this is a small Bill and, as the Honourable the Home Member put it last time, it is a bye-product of the Civil Justice Committee's report. There are many such bye-products

The whole genesis of this Bill is to be found in a small paragraph in the report of the Civil Justice Committee, paragraph 5 on page 4 P.M. 489 of their report. The reason which they give is this:

"With regard to section 20, we think that the provisions of clause (1) as they stand lead to a number of frivolous suits long after the period of limitation prescribed."

We have not got any statistics whatever. We are not told that the Civil Justice Committee ever came across any number of suits in which

[Mr. D. V. Belvi.]

such a plea had been falsely set up by the creditor and in which the plea was overruled by the court:

"It is easy in the first place for the plaintiff to say that within the time fixed the defendant paid him one rupee and two rupees as interest. He attempts to prove such payment by adducing oral evidence which takes up much valuable time, but ultimately the suit is, in most cases, dismissed."

There is no warrant for this supposition at all. This is only a figment of the brains of the learned members of the Civil Justice Committee.

We must take into consideration the position of the rural population of the country. Ordinarily debtors in villages, and also most of the creditors, are illiterate people. The debtor finds it difficult to get a writer to write his money bond. And whenever a bond is written, the writer charges four annas or eight annas or even one rupee; and if the creditor is compelled to have it in writing from the debtor that he has received a certain amount of interest, there will be a further charge put upon the shoulders of the debtor, for it will be the debtor who will have to make good the payment to the writer. Unfortunately for us in India the percentage of literacy is much smaller than it is in England. In England we know that there is compulsory education throughout the country, but even there the law does not require the payment of interest to be evidenced in writing. But in India the percentage of literacy does not exceed 10, even after the lapse of 150 years or so of British rule, and yet we are called upon to improve our Code and make it compulsory that every payment made by the debtor, either in the shape of principal or interest, shall be evidenced by writing. I submit that this is a piece of unnecessary legislation and it should be thrown out. We are here to safeguard the interests of the ignorant people who live in villages. We should not suppose that every man in India is able to read and write and that there will be no difficulty on the part of debtors to put payments down in writing. If the Members of this House take into consideration the illiteracy of the people at large and take into consideration the fact that this Bill proposes to go even further than the law in America and in England, they will not find it difficult to throw out this particular clause which it is now proposed to substitute for sub-section (1) of section 20 of the Indian Limitation Act. It would have been much better if this Bill had been published broadcast in the vernaculars of the country. I do not know whether that has been done, but it seems to me that the proposed amendment of the law will not serve any useful purpose. It will be against the interests of the debtor. It will be much more difficult for the debtor to get a loan. It is all very well to say that the proposed change is to safeguard the debtor, but this professed sympathy is merely a matter of words. You will in fact be making it more difficult for the debtor to get loans. With these few observations I move my amendment and I would request the House to kindly accept it.

Mr. S. Srinivasa Iyengar: I have a difficulty, Sir, which I wish to bring before the House. That difficulty arises because the Bill substitutes the word 'acknowledgment' instead of the original words of the Limitation Act—"the fact of payment." The Courts have held that, if a debtor or a mortgagor enters into an agreement with a simple creditor or a mortgagee, that the rents and profits may be taken in lieu of interest, that is, a payment which will avail the creditor, whether he is a mortgagee or a simple creditor, and give him a fresh starting point. Now the Indian Limitation Act, as

it stands and as it has been construed by judicial decisions, allows that to be done. The words that exist in the Act are 'the fact of the payment.' The word 'acknowledgment' being introduced, it is clear that you cannot refer to this anticipatory direction to take rents and profits in lieu of interest which is treated as payment of interest. Of course, as the law now stands, no question of handwriting or signature is required for payment of interest as such, but, in the case of part payment, handwriting is required, but there the wording is 'the fact of the payment'. It may be that, under the wording as it stands in connection with part payment, you can bring the class of cases I referred to under those words, so that, even if this requirement of writing is now to be insisted upon by this House, it will enable creditors to avail themselves of the fact that, under a direction given by the debtor or by the mortgagor, at the time when the contract was entered into, to take rents and profits in lieu of interest, he adjusted rents and profits in lieu of interest, and therefore that was a payment within the meaning of the Statute. That was, I think, made really impossible by the words 'an acknowledgment of the payment'. This acknowledgment must necessarily mean 'after the payment is made'. Therefore, I do not think that our Courts will be able to construe the thing—of course one cannot say, in the conflict of decisions, what the Courts will do—but certainly I feel pretty confident that there is no Court that will be able to construe the words 'acknowledgment of payment' so as to cover the case that I put for which the law now provides. A legitimate and a very frequent mode of payment of interest is by putting the creditor in possession of lands, as oftentimes happens even under mortgage bonds, and directing him to take the lands and profits. These Bills were circulated only a short time ago and I could not give any notice of amendments till I got the Limitation Act; fortunately I got a genuine copy. For this reason, apart from other reasons, I do not wish to go into the policy as to whether it is wise to insist upon writing or not—that is a different matter. On this short ground I must oppose the Bill, unless of course the Government introduces words or alters the words so as to provide for that class of cases for which there is now no provision.

Mr. Nirmal Chunder Chunder (Calcutta: Non-Muhammadian Urban): Sir, the difficulties which I feel with regard to this amendment are two. In the first place, one is not required when contracting a debt to put down the debt in writing. There may be debts contracted—and debts are contracted in the market—by mere entries in books of account, but still, when payments have to be made of interest, if this Bill is passed into law, we have got to have the payment acknowledged in writing. That means practically, at least to my mind it means, that no debt could henceforth be contracted except by means of a *nat-chita* or by means of negotiable instruments and all that. I do not think that we should restrict credit transactions in such a way as that. And the second difficulty which I feel is, as Mr. Srinivasa Iyengar has put it, that the change of wording, "acknowledgment of the payment appears in the hand-writing of or in writing signed by the person making the payment" would amount to this that, in a case where the mortgagee being in possession was taking the usufruct, he would not be entitled to enter in his books the fact of payment or the appropriation, but he would have to go to the mortgagor in each instance and get an acknowledgment from him, because you cannot acknowledge a debt or acknowledge a payment to yourself. However, these are very technical questions. I wish the matter could be taken to a Select

[Mr. Nirmal Chunder Chunder.]

Committee. As it is too late for it now, the best thing is to throw this clause out and, if hereafter the Government is so advised, it can redraft the clause and bring it up before this House.

Mr. Ambr Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, I regret I differ from eminent lawyers of the three Presidencies, Bengal, Madras and Bombay. In my opinion this is a very wholesome provision which, though I have not had 30 years' practice but only 25 years in the mofussil courts, I have found necessary. This will put a stop to unscrupulous creditors extending the period of limitation to an indefinite time by saying that "I received Re. 1 on such and such a date, then again so much and so on". This will prevent fraud and I think this is a wholesome provision and I think it ought to be passed.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, of course, after hearing my Honourable friend, Mr. Srinivasa Iyengar, I do not know exactly, not being a practising lawyer myself, what this word 'acknowledgment' actually means in practice, and whether it ought to be changed. Apart from that, I do not find that there is anything objectionable in this Bill, for, as I represent the rural people, I have often found, though cases do not go to Court always, generally our labourers are oppressed as debtors. Suppose for instance, some payment is made to a labourer by the employer on some bond, the labourer has a debt hanging over his head throughout his life. This limitation is there and such debtors are always, for fear of being dragged to Court, made to work as slaves. Therefore, I think this Bill,—the word 'acknowledgment' may be changed if it is technically objectionable—should be passed into law.

Mr. F. W. Allison (Bombay: Nominated Official): If, Sir, I say a few words in support of this Bill, it will be with regard to the remarks made by my Honourable friend, Mr. Belvi. In particular he said that there was no practical necessity for clause 2 of this Bill. Well, Sir, the Members of the Civil Justice Committee have been criticised on many grounds, but it cannot be denied that they had individually very long experience of conditions in the law courts of India, and they had before them a wealth of evidence which enabled them to arrive at a just conclusion. I may state that cases of this kind are numerous; I think the House can take that statement of mine as correct. I have lived in a judicial atmosphere very similar to that of Mr. Belvi for many years. From my own personal experience I have found many such cases. In fact, Sir, in the last two months, I have spent two days on this particular point which was the principal point of an appeal which I had to decide. As for the other points which Mr. Belvi raised, I consider—and I think everyone with practical experience of law courts in the mofussil will agree with me—that the principle of this clause is of invaluable benefit to the illiterate cultivator, and it is the interest of the illiterate cultivator that this House ought particularly to consider. Sir, I support the Bill.

The Honourable Sir Alexander Muddiman: Sir, I don't think I need say very much in reply. My Honourable friend, Mr. Belvi, has been demolished by Honourable Members, both on this side and that side of the House.

I might point out that it is quite obvious that, if anybody is going to create a fresh point of commencement of limitation, there is no question

as to oppression of the poor for it is to the advantage of the creditor, not of the debtor, we are endeavouring to prevent that. With regard to the argument that this Bill is putting the debtor in a worse position than those who so argue have not grasped the purport of the Bill.

Secondly, another point which was raised was that the change of words from "the fact of payment" to "acknowledgment of payment" will have the effect of excluding the operation of sub-section (2) of section 20. Sub-section (2) stands, we have not amended it. I submit to this House that no change has been made in the law at all in this respect, and I think the House, and indeed a court, would find it extremely difficult to conclude from the use of the word "acknowledgment" that any change has been made in the application of sub-section (2) of section 20.

With these observations I leave the matter and trust that the House will pass clause 2.

Mr. President: The question is that clause 2 of the Bill be omitted.

The motion was negatived.

Clauses 2, 3, 4, and 1 were added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir Alexander Muddiman: Sir, I move that the Bill be passed.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 1st February, 1927.

LEGISLATIVE ASSEMBLY.

Tuesday, 1st February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN:

Mr. C. Duraiswamy Aiyangar, M.L.A. (Madras ceded districts and Chittoor: Non-Muhammadian Rural);

Sir Hari Singh Gour, M.L.A. (Central Provinces Hindi Divisions; Non-Muhammadian); and

Dr. Lodhi Karam Hyder, M.L.A. (Agra Division: Muhammadian Rural).

QUESTIONS AND ANSWERS.

ABOLITION OF STAMP DUTIES ON CHEQUES.

155 ***Kumar Ganganand Sinha:** How far has the consideration of the question of the abolition of stamp duties on cheques progressed? How is the adjustment of the Meston award going to be made in the new circumstances? What is going to be the financial relationship between the Government of Bihar and Orissa and the Government of India on the abolition of the duty?

The Honourable Sir Basil Blackett: The Government accept the recommendation of the Currency Commission that the stamp duty on cheques should be abolished and are considering the question of further procedure.

PUBLICATION OF TEXTS OF SOUTH INDIAN INSCRIPTIONS.

156. ***Kumar Ganganand Sinha:** (a) Has the attention of the Government been drawn to an article entitled 'Inscriptions' by Vishnu Gupta published in the *Hindustan Times*, Saturday, December 11, 1926 (Late Dak Edition)?

(b) If so, will the Government be pleased to state why publication of the Texts of South Indian Inscriptions has been delayed? What arrangements, if any, are being made for the quick publication of the series?

The Honourable Mr. J. W. Bhore: (a) The Government of India have seen the article referred to.

(b) Difficulties have been experienced in the actual printing of these volumes. But the whole matter is now being carefully examined and efforts will be made to expedite the printing.

DEFENCE FORCE BILL IN KENYA.

157. ***Kumar Ganganand Sinha:** (a) How far will the Indians be affected by the Defence Force Bill about to come up for discussion in Kenya?

(b) What are the provisions of the Bill?

(c) Have the Government of India exchanged any communication with the Kenya Government, regarding the same? If so, will the Government be pleased to lay the correspondence on table?

The Honourable Mr. J. W. Bhore: (a) The Bill is not applicable to non-Europeans.

(b) A copy of the Bill has been placed in the Library of the House.

(c) The reply to the first part of the question is in the negative. The second part, therefore, does not arise.

OPENING OF AIR MAIL SERVICE.

158. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state the probable date of the opening of the regular Air Mail Service between London and Calcutta?

(b) How far has the arrangement for the same progressed and what are the obstacles in its way?

(c) What are the proposed routes and plans for the service?

(d) How far will the Indian exchequer be required to meet the initial and running cost?

The Honourable Sir Bhupendra Nath Mitra: (a) No such service is at present contemplated.

(b), (c) and (d). Do not arise.

ROUND TABLE CONFERENCE IN SOUTH AFRICA.

159. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state the information, if any, received regarding the Round Table Conference in South Africa?

The Honourable Mr. J. W. Bhore: The attention of the Honourable Member is invited to the reference which was made on this subject by His Excellency the Viceroy on the occasion of the opening of the present session of the Legislative Assembly.

INCREASE OF POLL-TAX ON INDIANS IN KENYA.

160. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to lay on the table the representation submitted by Mr. D. B. Desai under the authority of the Indian Citizen's Association regarding the increase of poll tax on Indians in Kenya?

(b) What action, if any, are Government taking on the representation? If no action is being taken, why? How does the matter stand now?

The Honourable Mr. J. W. Bhore: (a) As Mr. D. B. Desai's representation has already appeared in the public press, it is unnecessary to lay it on the table of the House. A copy will be supplied to the Honourable Member if he desires.

(b) Ordinances have recently been passed in Kenya imposing poll-taxes of 80 and 20 shillings per head on European and Indian adult males respectively, for the purpose of raising funds to cover the cost of education in those communities. Government are in communication with the Colonial Government on the subject.

CONSTRUCTION OF BRANCH LINE FROM PURNEA TO MURALIGANJ.

161. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to give full information regarding the proposed project of having a branch line connecting Purnea (Eastern Bengal Railway) with Muraliganj and lay reports, plans and other connected papers on the table?

(b) Have they received any representation regarding it? If so, to what effect?

(c) Have the officers deputed for survey work and for drawing up the plan considered the question of branching off the new line from Kasba (Eastern Bengal Railway) instead of from Purnea, keeping in view:

- (i) the less expenditure in laying lines, the route being straight;
- (ii) Kasba being a greater trade centre for raw products than Purnea;
- (iii) less expenditure in the purchase of lands; and
- (iv) opening up of the part of the country quite unserved by the railways?

(d) If so, what are their findings? If not, do the Government propose to inquire into the question?

(e) Will the Government be pleased to lay on the table the full report of the officer who was first deputed to survey the area for the construction of the branch line from Purnea to Muraliganj, showing his reasons for holding the view that the line would be unremunerative? If not, will the Government be pleased to state reasons for the same?

The Honourable Sir Charles Innes: We have no project for a branch going as far as Muraliganj. There is a project for a line from Purnea to the neighbourhood of Dhandaha which is now being surveyed; we have not yet received the survey report and other documents regarding it. The officer conducting the survey will probably in any case examine the desirability of the branch taking off from Kasba instead of Purnea; but in order that it should not remain unexamined, I am having a copy of the Honourable Member's question and this reply sent to the Agent of the Eastern Bengal Railway.

EQUIPMENT OF MERCANTILE MARINE TRAINING SHIP.

162. ***Kumar Ganganand Sinha:** Will the Government be pleased to state if the training ship for imparting naval education to Indian boys has been equipped? If not, what is the delay in the same?

The Honourable Sir Charles Innes: The Royal Indian Marine ship "Dufferin" is being converted into a training ship and it is hoped that it will be ready for use as a training ship by August or September next.

RECOMMENDATIONS OF INDIAN MERCANTILE MARINE COMMITTEE.

163. ***Kumar Ganganand Sinha:** Have the Government given any effect to the recommendations of the Indian Mercantile Marine Committee? If not, will the Government be pleased to state the reasons for not giving effect to such recommendations?

The Honourable Sir Charles Innes: As I have already told the Honourable Member in reply to another question, the S.S. "Dufferin" is being adapted as a training ship for deck officers and is expected to be ready for use by September next. For the rest I would refer him to the debate in this House last March.

INSUFFICIENCY OF NON-MUHAMMADAN SEATS FOR PURNEA DISTRICT.

164. ***Kumar Ganganand Sinha:** Will the Government be pleased to state why there is only one Non-Mahomedan constituency in the Purnea District whereas there are two Mahomedan constituencies in the District for the Bihar and Orissa Council seats? What is the principle by which the seats have been distributed? Is any change possible in the present state of things? If so, how and who is the competent authority to bring about the change and what are the necessary conditions for having one more Non-Mahomedan seat in the District?

The Honourable Sir Alexander Muddiman: As is explained in paragraph 15 of the report of the Franchise Committee, the relation between muslim and non-muslim representation was fixed, not from district to district, but by allocation of the gross representation suitable for each province and in conformity with the Lucknow Pact. The method of distributing the allocation made to each community is shown on pages 65 and 66 of the report. It was a matter of adjusting rival claims within each community and did not permit adjustments between communities in individual districts.

No change is contemplated.

CONSTITUTION OF RESERVE BANKS.

165. ***Kumar Ganganand Sinha:** When are the Government going to establish Reserve Banks as recommended by the Royal Commission on Indian Currency? How will they be constituted and controlled and where located? What will be the nature of Government work to be done by the Imperial Bank opened in the various mufasil areas after the establishment of the Reserve Bank?

The Honourable Sir Basil Blackett: The attention of the Honourable Member is invited to the Gold Standard and Reserve Bank of India Bill published in the Gazette of India Extraordinary on the 17th January, and introduced into this House on the 25th January, 1927.

VIZAGAPATAM HARBOUR PROJECT.

166. ***Kumar Ganganand Sinha:** Will the Government be pleased to state how far the Vizagapatam harbour project and the construction of the Raipur Parvatipur line have progressed?

Mr. A. A. L. Parsons: A statement containing the information asked for is laid on the table.

Statement showing progress of work on the Raipur-Parvatipuram Railway Construction and the Vizagapatam Harbour Development Scheme up to 31st December 1926.

Raipur-Parvatipuram Railway Construction.—About 10 per cent. of the work has been completed.

Vizagapatam Harbour Development Scheme.—Work is in progress on the whole length of the wharf, which is to consist of three berths and the sinking of monolith wells has commenced. A rock breaker and dipper dredger has been employed on dredging work for more than six months with satisfactory results. A suction dredger has now arrived and in the meantime floating and shore pipe lines have been completed and a dredger workshop has been erected. A tug boat and a combined water and anchor boat have been delivered and two rock barges are expected shortly. An intermediate bund as well as the bunds round the power house site have been completed and a containing bund on the east side of the harbour site is nearing completion. The removal of the rock of Durga Hill has been completed and the area is now available for re-arrangement of railway lines of the wharf station, which will be taken up as soon as the shipping conditions permit. Levelling and draining of the site for bungalows is approaching completion and a layout for quarters has been

been carried out. A marine survey to investigate the sand travel and formation of the bar has also been completed.

COST OF INDIAN EXCHEQUER OF SINGAPORE SCHEME.

167. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state the amount which India shall have to contribute towards the Singapore scheme?

(b) Are they aware of the amount of money to be contributed by other countries within the British Empire towards the same? If so, will they be pleased to state them?

Mr. G. M. Young: (a) The attention of the Honourable Member is invited to the reply given on the 28th January, 1926, to unstarred question No. 76.

(b) The Government of India are not aware of the amount, nor are they concerned with it.

REDUCTION OF FARES ON EASTERN BENGAL RAILWAY.

168. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state why the Eastern Bengal Railway is still continuing to realise pre-war fares?

(b) Is there any possibility of reduction in the near future? If so, how soon? If not, why?

Mr. A. A. L. Parsons: (a) I lay on the table a statement showing the pre-war and existing fares on the Eastern Bengal Railway from which it will be seen that this railway is not levying pre-war fares.

(b) The Agent has introduced certain return journey tickets at reduced fares and is watching the effect. In view of the fact that the Eastern

Bengal Railway has only lately been able to pay its way again, it is not able to afford a general reduction of fares

Statement showing the pre-war and existing Fares on the Eastern Bengal Railway.

Pre-war fares.		Existing fares.	
I Class	18 pies all distances	1—150 miles	80 pies.
		Additional distance	20 "
II Class	9 " "	1—150 miles	15 "
		Additional distance	10 "
Inter Class	4 " "	1—150 miles	6 "
		Additional distance	4½ "
III Class	2½ " "	<i>Mail.</i>	
		1—150 miles	5 "
		Additional distance	4 "
		<i>Ordinary.</i>	
		All distances	3½ "

169. (Not put.)

IMPROVED WAITING SHEDS AT LOOP LINE STATIONS OF EAST INDIAN RAILWAY.

170. ***Kumar Ganganand Sinha:** (a) Is it a fact that there are waiting sheds only on one side of most of the Loop line stations of the East Indian Railway?

(b) Has the attention of the Government been drawn to the fact that the passengers who have to catch trains at odd hours suffer great hardship in sun, rain and cold on that account?

(c) Do Government propose to remove these inconveniences in the near future? If so, when?

Mr. A. A. L. Parsons: Last year waiting halls or sheds for 3rd class passengers were built for at 10 stations on the East Indian Railway. The Government are not aware of the exact position on the loop line but will send the question on to the Agent

TRAFFIC IMPROVEMENTS TO FACILITATE COAL TRADE.

171. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state what the tendency of the traffic movement is with regard to the coal trade?

(b) What do the Government propose to do in this respect with a view to facilitate coal trade?

Mr. A. A. L. Parsons: I am not sure that I understand what the meaning of the Honourable Member's question is. If he wishes to know whether the total volume of coal traffic on the Indian Railways has been increased by the reduction made in long distance coal freights, I may inform him that between 1st April, 1926, and 1st January, 1927, we carried 798,986 wagons loaded with coal and coke as compared with 789,452 in the corresponding period of 1925-26. Thus, there was a small increase of 4,534 wagons. We have no specific action in contemplation in the near future.

ADDITIONAL CHARGE ON SOFT COKE.

172. ***Kumar Ganganand Sinha:** Will the Government be pleased to state what the Government is going to do with regard to the additional charge of -/4/6 per ton over and above freight on all soft coke coming to Calcutta stations?

The Honourable Sir Charles Innes: The reason for the extra charge of -/4/6 per ton on soft coke at Calcutta is that it has to be levied at certain Calcutta terminal stations on account of the Howrah Bridge toll and the toll is paid to the Port Commissioners, the working agency for the Howrah Bridge.

Government therefore do not propose to take any action in the matter.

NEW ROLLING STOCK ON EASTERN BENGAL RAILWAY DURING 1926-27.

173. ***Kumar Ganganand Sinha:** Will the Government be pleased to state how much new rolling stock has been constructed by the Eastern Bengal Railway so far, in the year 1926-27?

Mr. A. A. L. Parsons: During the period 1st April, 1926, to 31st December, 1926, the rolling stock constructed in the Eastern Bengal Railway shops was as follows:

Coaching stock bogies	.	.	.	.	.	.	61
Coaching stock 4-wheelers	.	.	.	.	.	.	20
Goods stock (Departmental) 4-wheelers	.	.	.	.	.	.	4

OVERCROWDING ON BENGAL AND NORTH-WESTERN RAILWAY.

174. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state what steps if any the Railway Board have taken to bring to the notice of the Bengal and North-Western Railway authorities the inconvenience suffered by the travelling public owing to overcrowding with a view to remedy the same?

(b) If no step has been taken, why?

Mr. A. A. L. Parsons: (a) and (b) The Railway Board have brought to the notice of the Bengal and North-Western Railway the necessity for accelerating the building programme of third class carriages.

DAMAGE AND LOSS OF FRUIT PACKAGES ON RAILWAYS.

175. ***Kumar Ganganand Sinha:** (a) Has the attention of the Government been drawn to the damage and loss of large number of fruit packages carried by the Railways?

(b) How many complaints of this nature have been received during the current year by the various State managed Railways?

(c) Are the Government aware of the fact that in a majority of cases the sufferers though greatly injured do not lodge any complaint?

(d) What action, if any, do the Government propose to take to prevent such damages and losses?

Mr. A. A. L. Parsons: (a) The attention of Government has not recently been drawn to this matter.

(b) We have no information.

(c) No.

(d) The subject has received and is receiving continuous attention by railways, but the main difficulty experienced is the insecure manner in which consignments of fresh fruit are packed. The remedy for this obviously rests with despatchers.

ACCIDENTS OWING TO OVERCROWDING ON BENGAL AND NORTH-WESTERN RAILWAY.

176. ***Kumar Ganganand Sinha:** (a) Are Government aware that as a result of overcrowding on the Bengal and North-Western Railway main line trains and of improper arrangements at the Railway stations many accidents happen at frequent intervals?

(b) If so, what steps are they taking to prevent the same? If not, will the Government be pleased to state what investigations have been made to ascertain the same?

Mr. A. A. L. Parsons: (a) No, Sir.

(b) Does not arise.

EXTENSION OF ASSAM BENGAL RAILWAY LINE TO SHILLONG.

177. ***Kumar Ganganand Sinha:** Is there any proposal under consideration regarding the extension of the Assam Bengal Railway line to Shillong? If so, will the Government be pleased to state in what stage the proposal or the scheme is and when and how the same is likely to fructify?

Mr. A. A. L. Parsons: A connection by rail between Shillong and Pandu has often been mooted, but as there is a good motor road and motor service between the two places, it is not likely to be a paying proposition and there is no present intention of taking it up.

EMIGRATION OF SANTALS TO ASSAM TEA GARDENS.

178. ***Kumar Ganganand Sinha:** Is it a fact that the emigration of a large number of Santals and other indigenous working class people from the Santal Parganas to the Assam tea gardens and other places is one of the causes of the decrease of the Santal population in the district? If the answer be in the affirmative what steps are being taken to check the same; if in the negative, will the Government be pleased to state reasons?

The Honourable Sir Bhupendra Nath Mitra: The answer to the first part of the question is in the affirmative; but it should be added that the proportion of emigrants from the Santal Parganas who go to the Assam tea gardens is very small. Government are taking no steps to check the emigration as they believe that it is not in the best interests of labourers or of the country as a whole that labour should be prevented from going to those areas where it is in demand.

Kumar Ganganand Sinha: Have the Government collected any statistics with regard to that?

The Honourable Sir Bhupendra Nath Mitra: Yes, Sir, we have got some statistics.

Kumar Ganganand Sinha: Will the Government be pleased to lay them on the table.

The Honourable Sir Bhupendra Nath Mitra: I shall be glad to show them to the Honourable Member if he cares to see them.

SATYAGRAH IN PATUAKHALI.

179. ***Kumar Ganganand Sinha:** Have the Government of India interchanged communications with the Bengal Government regarding the Satyagraha carried on in Patuakhali as a result of the stoppage of a Hindu religious procession? If so, will they be pleased to lay the same on table and state the present condition of the movement?

The Honourable Sir Alexander Muddiman: The Government of India have not been in communication with the Government of Bengal in connection with the incidents in Patuakhali, which they regard as essentially a matter for the Local Government.

FACTS REGARDING MURDER OF SWAMI SRADHANAND.

180. ***Kumar Ganganand Sinha:** Will the Government be pleased to state all the facts regarding the murder of Swami Sradhanand so far available to them in indicating whether or not there was any organised conspiracy for the purpose?

The Honourable Sir Alexander Muddiman: As the Honourable Member must be aware, the case is before the Courts and it would not therefore be proper for me to make any statement on the subject.

PERMISSION TO MR. SATYENDRA CHANDRA MITRA TO ATTEND MEETINGS OF THE ASSEMBLY.

181. ***Kumar Ganganand Sinha:** Will the Government be pleased to state whether or not Mr. Satyendra Chandra Mitra, a Bengal detainee, will be allowed to attend the meetings of the House? If not, why not? When will he be released?

The Honourable Sir Alexander Muddiman: I would refer the Honourable Member to the statement I made in this House on the 21st January in connection with the debate on the motion of adjournment.

182. (Not put.)

183, 184, 185. (Answered on 31st January, 1927, *vide* pages 188—89 of these Debates.)

INDIANS IN SUPERIOR SERVICES IN INDIA.

186. ***Kumar Ganganand Sinha:** Will the Government be pleased to state whether the percentage of Indians in the superior services of India as recommended by the Lee Commission is to be taken for India as a whole or for each province separately and India collectively? What is the policy and programme followed with regard to Indianisation in each of the provinces of India with regard to each of the superior services?

The Honourable Sir Alexander Muddiman: The recommendations of the Lee Commission are to be taken as applying to India as a whole. In respect of certain services the rates of recruitment adopted in different provinces differ, but the proportions recommended by the Commission are maintained for India as a whole. As regards policy and programme, I would refer the Honourable Member to the answer which I gave to Khan Bahadur Ghulam Bari's question on the 25th August, 1925.

RECRUITMENT OF INDIANS TO SUPERIOR SERVICES FROM PROVINCIAL SERVICES.

187. ***Kumar Ganganand Sinha**: Has the attention of the Government been drawn to the insufficiency of recruitment in the superior services of India from the Provincial services? If so, what steps are being taken to bring it to the level recommended by the Lee Commission?

The Honourable Sir Alexander Muddiman: In the Irrigation Branch of the Indian Service of Engineers, the recommendation of the Lee Commission that 20 per cent. of the future recruitment should consist of promotions from the Provincial services has already been introduced. Officers so promoted enter the Indian Service of Engineers at a low point on the gradation list and consequently no question arises of interference with the legitimate prospects of existing members. In the other services which will remain on an all-India basis, in which promoted officers enter the gradation list at a higher point, it has always been the intention that the proportion of posts filled by promotion from the Provincial Services should be increased gradually up to the proportions recommended by the Lee Commission or, where the Commission made no specific recommendation, up to a suitable ratio. Any other system would involve grave injustice to the existing members of the services.

Kumar Ganganand Sinha: What does the Honourable Member mean by the word "gradually"?

The Honourable Sir Alexander Muddiman: "Gradually", Sir? I think the word can be found in the dictionary.

Mr. Ohaman Lall: Does it mean that the Honourable Member is likely to take a number of years to work up to the proportions recommended by the Lee Commission?

The Honourable Sir Alexander Muddiman: It probably means that it will take some time. Gradually means by grades.

Mr. Ohaman Lall: Has it the same meaning as that given to the word in regard to the Government of India Act?

The Honourable Sir Alexander Muddiman: I should think, Sir, the word used in either connection would have the same meaning.

INDIANISATION OF SUPERIOR SERVICES IN INDIA.

188. ***Kumar Ganganand Sinha**: Will the Government be pleased to state:—

- (a) the authorised strength of the various superior services left open to Indians before the publication of the Lee Commission report;
- (b) the number of Indians appointed to those services before the publication of the report;
- (c) the authorised strength of the various superior services left open to Indians after the acceptance of the recommendations of the Commission by the Government of India and the British Government;
- (d) the number of Indians so far belonging to those services;

- (e) the rate at which appointments are being made;
- (f) the time it will take to reach the sanctioned strength; and
- (g) why the sanctioned percentage of Indians have not immediately been appointed?

The Honourable Sir Alexander Muddiman: I am not very clear as to the exact information which the Honourable Member requires, but he will find in annexure III to Questionnaire 1 of the Lee Commission's report a statement showing the scales on which Indians were being recruited at that time for the all-India services and in Chapter V of the report the detailed recommendations of the Commission for Indianization in the future which have been accepted and are being carried out. I would invite the attention of the Honourable Member to the fact that the proportions laid down are proportions of recruitment and these can only change the actual composition of the various services gradually as retirements take place and new recruits join, but the sanctioned percentages of direct recruitment are being applied.

PROMOTION FROM PROVINCIAL CIVIL SERVICE TO INDIAN CIVIL SERVICE IN BIHAR AND ORISSA.

189. ***Kumar Ganganand Sinha:** Will the Government be pleased to state how many persons in the Provincial Civil Service of Bihar and Orissa have been raised to the Indian Civil Service grade? What percentage of the total strength of officers in the Indian Civil Service in Bihar and Orissa are Indians and how does it stand in relation to the general recommendations made by the Lee Commission?

The Honourable Sir Alexander Muddiman: The number of officers of the Provincial Civil Service of Bihar and Orissa and members of the Bar holding listed posts is eight. This number is 11.8 per cent of the number of superior posts on the Indian Civil Service cadre in Bihar and Orissa. The percentage recommended by the Lee Commission to be filled eventually by promotion from the Provincial Civil Service (which will also include appointments from the Bar) is 20. This percentage will be worked up to gradually as explained in my answer to question No. 187.

Mr. B. Das: Do I understand that in the Provincial Service of the Bihar and Orissa Government there are not sufficient men to raise it to that 20 per cent?

The Honourable Sir Alexander Muddiman: No, the Honourable Member should not draw that implication from my answer.

Kumar Ganganand Sinha: How long will it take to reach the requisite percentage?

The Honourable Sir Alexander Muddiman: I am unable to say. It depends, on retirements, the creation of new appointments and other things of that kind.

CONSTITUTION OF CIVIL MEDICAL SERVICE AND ROYAL ARMY MEDICAL CORPS.

190. ***Kumar Ganganand Sinha:** (a) Will the Government be pleased to state whether the Civil Medical Service and the Royal Army Medical Corps (India) have been constituted in accordance with the recommendation of the Lee Commission? If not, when will they be constituted?

(b) If the answer to (a) is in the affirmative, will the Government be pleased to state what is the minimum number of British officers to be maintained in the Civil Medical Service, the total strength of such service and the method of recruitment so far followed? What are the rates of pay and other conditions of the Civil Medical Service?

Mr. G. M. Young: (a) The Secretary of State has not accepted the Lee Commission's proposal to institute a Royal Army Medical Corps (India). The Provincial Civil Medical Services have not yet been established; nor is it possible just now to say when they will be established as their constitution and other important connected matters are under consideration by the Secretary of State.

(b) Does not arise.

Lieutenant-Colonel H. A. J. Gidney: May I know, Sir, since the Secretary of State has refused to accept the recommendations of the Lee Commission so far as the medical services—civil and military—are concerned, whether it is proposed to substitute them by any other measure, and, if so, whether a Committee will be appointed to do so?

Mr. G. M. Young: As I have already stated, Sir, the constitution and principles of the Provincial Civil Medical Services are under consideration by the Secretary of State and it is impossible for me to make any statement at the moment.

■

PERIOD OF PROBATION OF OFFICERS OF THE INDIAN AND PROVINCIAL POLICE SERVICE.

191. ***Kumar Ganganand Sinha:** Is it a fact that the Police officers in the Provincial service are confirmed after two years whereas those in the Imperial service as soon as they pass the departmental examination? If so, will the Government be pleased to assign reasons for and indicate the underlying policy in making such a distinction in the matter of confirmation?

The Honourable Sir Alexander Muddiman: It is a fact that officers of the Indian Police Service may be confirmed as soon as they have passed the tests and examinations prescribed.

It is within the power of each local Government to make regulations for the provincial services under its control. The Government of India are not in a position to say what regulations are in force in any particular province or to assign reasons for any particular rule that a local Government may have introduced.

APPOINTMENTS OF INDIANS TO INDIAN POLICE SERVICE SINCE 1924.

192. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the number of vacancies caused in the Indian Police service in Bihar and Orissa since the publication of the Lee Commission report? How many Indians were appointed to those posts?

The Honourable Sir Alexander Muddiman: The number of officers appointed to the Indian Police Service in Bihar and Orissa since May 1924 is 9, 5 of whom were Indians. One more Indian is about to be appointed on the results of the examination held in November last.

APPOINTMENTS OF INDIANS TO INDIAN CIVIL SERVICE IN BIHAR AND ORISSA SINCE 1924.

193. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the number of vacancies caused in the Indian Civil Service in Bihar and Orissa since the publication of the Lee Commission report? How many Indians were appointed to those posts?

The Honourable Sir Alexander Muddiman: Since May 1924 eleven officers have been appointed to the Indian Civil Service in Bihar and Orissa. Of these seven were Indians.

RECRUITMENT OF INDIANS ON INDIAN RAILWAYS.

194. ***Kumar Ganganand Sinha:** Will the Government be pleased to state if the Communiqué on the subject of the recruitment of Indians referred to on page 66 of the Report by the Railway Board on Indian Railways for 1924-25 has been issued? If so, when? If not, when will it be issued and why has it been delayed?

Mr. A. A. L. Parsons: A Press Communiqué was issued by the Railway Board on the 15th July, 1926

WATCH AND WARD DEPARTMENT FOR STATE RAILWAYS.

195. ***Kumar Ganganand Sinha:** Will the Government be pleased to state whether they have received reports of the working of the Watch and Ward Department from the Railways that have got it? Where are they, if they have been published? Have the Government or the Railway Board published any statement or expressed any opinion regarding the same? If so, how and when? Do the Government or the Railway Board propose to create the Department in such of the State managed railways as do not at present have it?

Mr. A. A. L. Parsons: We do not receive or publish specific reports or statements on the working of the Watch and Ward Departments of the various railways, though it is customary for the Agents to mention the working of the Department in their annual report if there is anything deserving of special comment. I will send the Honourable Member, if he wishes, a summary of the latest remarks of individual Agents, but in general they merely bear witness to the success of the Department in preventing thefts, reducing claims for compensation, and stopping travelling without tickets. The creation of a Watch and Ward Department on the North-Western Railway is under consideration; it is the only State-managed railway which has not got one.

RECRUITMENT OF INDIANS FOR POLITICAL DEPARTMENT.

196. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the class of services from which Indians have been recruited to the Political Department from the year 1924 onwards?

Mr. E. B. Howell: Indians have been recruited to the Political Department from the Indian Civil Service, the Indian Army and Provincial Civil Services.

APPOINTMENTS DURING 1926-27 TO IMPERIAL CUSTOMS SERVICE.

197. ***Kumar Ganganand Sinha:** How many appointments, if any, have been so far made in the Imperial Custom Service in the year 1926-27? How many of them are Indians?

The Honourable Sir Basil Blackett: One appointment was made in 1926-27. The recruit was not an Indian.

INDIANISATION OF SUPERIOR SERVICES ON COMPANY RAILWAYS.

198. ***Kumar Ganganand Sinha:** What information, if any, have the Government received from the Company-worked Railways regarding the Indianisation of superior services?

Mr. A. A. L. Parsons: Government have received no later information than what was furnished by the Honourable Railway Member in reply to Question No. 23 by Mr. B. Das on the 18th August, 1926.

INDIANS IN SUPERIOR SERVICES ON STATE RAILWAYS.

199. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the different superior services on State Railways in which Indians have been recruited? Is there any branch of the service which does not contain an Indian? If so, what is it and what steps are being taken to Indianise it? What is the proportion of Indians to Europeans in the superior services of State Railways?

The Honourable Sir Charles Innes: Indians have been recruited in all the superior services on State Railways and there is no service which does not contain them. As regards the proportion of Indians to Europeans the Honourable Member is referred to the statement on page 96 of Volume I of the Report on Indian Railways.

APPOINTMENTS OF INDIANS TO SUPERIOR SERVICE ON INDIAN RAILWAYS DURING 1926-27.

200. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the number of Indians appointed so far in the year 1926-27 to the superior service on Indian Railways and indicate the place of their posting and office they are occupying?

The Honourable Sir Charles Innes: A statement giving the information for State-managed Railways is laid on the table. I should mention that 18 more Indian officers have been selected on the result of the competitive examinations held in November 1926, who will shortly be appointed but who are not included in this Statement.

Up-to-date information regarding the Company worked Railways is not available.

Statement of Indians appointed to Superior Service on State-managed Railways since 1st April 1926.

Department.	Railway to which posted			
	North Western Railway.	East Indian Railway.	Eastern Bengal Railway.	G. I. P. Railway.
Transportation (Traffic) . . . .	...	.	...	1
Civil Engineering	2	2	..	...
Electrical Engineers	2	1	..	
Stores . . . . .	...	...	..	1
Apprentices for the Mechanical Engineers.	..	†		...

† Will be posted to different Railways after training is completed.

THE INDIAN CIVIL SERVICE EXAMINATION IN INDIA.

201. ***Kumar Ganganand Sinha:** Are the Government considering any proposal for the stoppage of the open competitive examination for the Indian Civil Service in India? If so, why?

The Honourable Sir Alexander Muddiman: I invite attention to the reply which I gave to a similar question on the 18th August last. I may add that the Public Service Commission have since been consulted on the whole question of recruitment to the Indian Civil Service.

DIFFERENCE BETWEEN AIR AND P. AND O. MAIL ROUTES.

202. ***Kumar Ganganand Sinha:** Will the Government be pleased to state the time usually taken by P. and O. Mail steamer to bring mails from England to India and the time and route the new air lines propose to take in doing the same?

Sir Ganen Roy: The time usually taken for the conveyance of mails from London to Bombay by P. and O. steamers *via* Marseilles is 15 days. The transit time from London to Karachi of correspondence conveyed by the Cairo-Basra air service is about 13 days. When the air service is extended to Karachi, probably in April next, the transit time will be reduced to 9 days approximately.

REPORT OF AUXILIARY AND TERRITORIAL FORCES COMMITTEE.

203. ***Kumar Ganganand Sinha:** Will the Government be pleased to lay on the table the views of the Government of India on the Report of the Auxiliary and Territorial Forces Committee? If not, why?

Mr. G. M. Young: The views of the Government of India on the report of the Auxiliary and Territorial Forces Committee are still before the Secretary of State and I regret that Government are, therefore, unable to accede to the Honourable Member's request.

Kumar Ganganand Sinha: How long will it take for the Secretary of State to consider it? Have the Government of India any knowledge of it?

Mr. G. M. Young: I cannot say how long the Secretary of State will take.

Kumar Ganganand Sinha: How long has he been considering it already?

Mr. G. M. Young: I cannot say offhand; I think it was last autumn when we sent it home.

MAIL AND PASSENGER RATES BY AIR LINER.

204. ***Kumar Ganganand Sinha:** (a) What will be the postal rate of mails carried by the new air liners from India to the United Kingdom and *vice-versa*?

(b) How many passengers, if any, will be carried by the new air liner and at what fare?

Sir Ganen Roy: (a) The fee to be paid on postal articles for transmission by the air service proposed to be established between Karachi and Cairo in April next has not yet been fixed.

(b) The aeroplanes to be employed on that service will, it is expected, provide accommodation for 14 passengers. The fare between Karachi and Cairo will be £72.

ACTION TAKEN ON UNEMPLOYMENT RESOLUTION.

205. ***Kumar Ganganand Sinha:** What action, if any, have Government taken so far on the unemployment resolution passed in the Assembly last year? Will it be pleased to lay on the table the correspondence between the Government of India and the Provincial Governments in this connection? If not, why?

The Honourable Sir Bhupendra Nath Mitra: The Government of India have addressed the local Governments on the Resolution passed by the Assembly in their letter No. L-1373, dated the 26th May 1926, which has been published; there has been no further correspondence in this connection between the Government of India and Provincial Governments since the Resolution was adopted. A copy of this letter will be supplied to the Honourable Member.

NUMBERS OF VARIOUS COMMUNITIES ADMITTED TO SUPERIOR SERVICES IN 1924

- 206. ***Mr. N. C. Kelkar:** 1. Will Government be pleased to state, what number of Indians were admitted in the year 1926, to:

- (a) the Railway Service of Engineers,
- (b) the Superior Revenue Establishment of the Transportation (Traffic) and Commercial Departments, by
 - (i) competitive examinations,
 - (ii) promotion of the qualified subordinates, and
 - (iii) from other sources?

2. Will Government state in each case the number by caste or religion?
Mr. A. A. L. Parsons: A statement is laid on the table.

Statement showing number of Indians recruited in 1926.

(1) Name of service.	(2) Competitive Examination.	(3) Promotion from subordinate service.	(4) Other sources.
Indian Railway Service of Engineers .	3†	Nil	1‡
Transportation (Traffic) and Commer- cial Departments	8	Nil	1
Total .	8		
	Hindus.	Moslems.	
	2	2	
		Nil	

†These are candidates taken from Roorkee under the guaranteed appointment scheme.

‡Appointed by the Secretary of State in England.

NOTE.—The first competitive examination for the Engineer Service was held last November and the candidates successful in it will be admitted to the service in 1927.

INDIANISATION OF SUPERIOR REVENUE ESTABLISHMENT OF TRANSPORTATION (POWER) AND MECHANICAL ENGINEERING DEPARTMENTS.

207. ***Mr. N. C. Kelkar:** 1. Will Government please state:

- what number of Indians are elected as candidates for the special class of apprentices to be trained for 7 years (for their subsequent appointment as probationary officers in 1933), for the Superior Revenue Establishment of the Transportation (Power) and Mechanical Engineering Departments;
- how many are appointed to the above mentioned service from the subordinate staff; and
- how many are appointed from other sources?

2. Will Government state, how many applications they had received from the three classes mentioned in (a), (b) and (c) respectively of part I above?

3. If the reply to part 1 (a) and (b) is *nil*, will Government be pleased to state:

- whether it was not the declared policy of the Government to Indianise these Departments along with the others referred to;
- the reasons for suspending this scheme of Indianisation last year (1926); and
- whether the Government intend to bring into force the above-mentioned scheme this year (1927-28), and if not when?

The Honourable Sir Charles Innes: 1. (a) Six apprentices were selected in 1926, all being Indians.

(b) No subordinate was promoted to this service in 1926.

(c) Thirteen officers were appointed by the Secretary of State in England out of whom 2 were Indians.

2. For the class mentioned in 1 (a) above, over 600 applications were received. For class (b), applications are not invited as promotions from subordinate staff are considered on the recommendations of the Agents of State Railways. Regarding class (c), the information is not available as the selection is made by the Secretary of State.

* 3. Does not arise.

BEGGAR NUISANCE ON GOVERNMENT RAILWAY LINES.

208 ***Mr. N. C. Kelkar:** (a) Have Government ever received any complaints about the beggar nuisance on Railway trains on Government railway lines?

(b) Is it a fact that some railway station authorities give official or unofficial licences to beggars and participate in their earnings?

Mr. A. A. L. Parsons: (a) No.

(b) Government have no reason to suspect that an abuse of this character exists. But they assume that the Honourable Member had some definite evidence of its existence in an individual case or cases before giving currency to the accusation by his question, and if he will give me the proofs which he possesses, I will have the case or cases investigated.

UTILISATION OF INDIA'S OUTPUT OF GOLD BY GOVERNMENT FOR COINING, ETC.

209. ***Mr. N. C. Kelkar:** (a) Will Government state what was the average annual production (in ounces) of gold in the different gold mines in Southern India during the ten years before the war and the period since the war?

(b) What was the total amount of gold purchased by Government for coining or other purposes during these years out of this Indian output of gold?

(c) Is it a fact that Government does not purchase Indian gold? If so, will Government state the reasons for their inability to purchase Indian gold?

The Honourable Sir Basil Blackett: (a) The average annual production of gold from mines in Mysore, Madras and Bombay during the years 1904-1913 inclusive was 567,617 ounces. The average production from 1919 to 1925 inclusive amounted to 489,881 ounces.

(b) Figures are not readily available and are being collected.

(c) The Government are prepared to purchase any gold, including Indian Gold, on the conditions laid down in clause (4) of the Currency Bill No. 1 of 1927 as soon as the Bill is passed into law.

ALTERATION OF POST OFFICE INSURANCE RULES TO PERMIT OF
CONDITIONAL ASSIGNMENT.

210. ***Mr. N. C. Kelkar:** (a) Is it a fact that in the case of Post Office Insurance policies a conditional assignment is not permissible?

(b) Is it a fact that in the case of the assignee predeceasing the assignor, the policy does not revert to the holder and in case of a wife being the assignee, the amount of the policy becomes Stri-Dhana?

(c) Are Government aware that in some of the private insurance companies a condition such as "in the event of the assignee predeceasing the assignor or in the event of the assignor surviving the date on which the said policy would mature, the benefit of the policy and the right to receive moneys thereunder revert to the assignor as if the said assignment had not been made" is permissible in the assignment?

(d) Are Government prepared to suitably change the Post Office Insurance rules so as to make such a condition permissible?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) The policy does not revert to the holder. The assignee becomes the absolute owner of the policy. The question whether the amount of the policy becomes *Stri-dhana* is a question of Hindu Law on which the Government of India are not prepared to express an opinion. They would suggest that the Honourable Member should consult his own legal adviser on the point.

(c) No.

(d) No change is considered necessary.

COUNTING OF TEMPORARY SERVICE OF POST OFFICE CLERKS TOWARDS
INCREMENTS.

211. ***Mr. N. C. Kelkar:** (a) Is it a fact that during the current official year a provision was made in the supplementary Post Office budget for expenditure consequent on the counting of all paid officiating or temporary service for the purposes of granting increments to Post Office Clerks on lines suggested by the All-India Postal and R. M. S. Union?

(b) If so, has the Director-General issued necessary orders in the matter? If not, why not?

The Honourable Sir Bhupendra Nath Mitra: (a) No provision was made in the Supplementary Post Office budget. It was decided that the extra expenditure involved during 1926-27 on account of the concession referred to could be met from the provision made in the current year's budget for the revision of pay of postal clerks.

(b) Necessary orders have been issued by the Government of India.

REPRESENTATIONS TO THE DIRECTOR-GENERAL OF POSTS AND TELEGRAPHS
RE PAY OF SUBORDINATES.

* 212. ***Mr. D. V. Belvi:** (a) Will Government be pleased to state the time normally required by the Director-General of Posts and Telegraphs, to dispose of representations and appeals submitted to him by his subordinates?

(b) What was the last date for the submission of representations in connection with the fixation of pay?

(c) How many such representations are lying undisposed of in the Directorate for a period of three months, six months, one year and over?

The Honourable Sir Bhupendra Nath Mitra: (a) No definite time can be stated. The time required depends upon the circumstances of each case.

(b) 31st July 1926.

(c) 1. Between 3 months and 6 months	...	...	...	36
2. Between 6 months and 1 year	...	...	...	139
3. Between 1 year and above	...	...	...	43

			TOTAL	218

BETTER PROVISION FOR CONTINGENT EXPENDITURE IN POST OFFICES.

213. ***Mr. D. V. Belvi:** (a) Is it a fact that in arriving at the contingent expenditure for a Post Office, no provision is made for such items as twine for labelled bundles, paste or gum arabic for affixing number slips, oil for cycle lamps, metal polish, brooms and dusters, sanitary fluids, nor for the supply of necessary stationery to the postmen?

(b) If so, do Government propose to revise the schedule of articles considered as necessary to calculate the contingent expenditure necessary for a Post Office?

Sir Ganen Roy: (a) The reply is in the negative. Provision is made for such items, not specifically for each, but by an allowance to each post office, in accordance with a standard based on their average cost.

(b) Does not arise; but I would explain for the Honourable Member's information that I am not entirely satisfied as to the adequacy of the existing standard, and it will be re-examined.

CLAIMS OF MINORITY COMMUNITIES TO HIGHER APPOINTMENTS IN POSTAL DEPARTMENT.

214. ***Maulvi Muhammad Yakub:** (a) Is it a fact that all the five Superintendents of the Post Office who have been recruited by direct appointment are Bengali Hindus?

(b) Is it also a fact that out of the eight Superintendents of the Post Office who have been promoted from the Department only one is a Musalman?

(c) Was the Government of India, Home Department, Office Memorandum No. F.-176/25-Estbs., dated the 5th February, 1926, regarding the measures to be adopted for securing the appointment of members of minority communities communicated to the Postal Department? If it was communicated what effect was given to it by the Department in making the above appointments? If it was not communicated, why was it not communicated?

(e) What steps do the Government propose to take in order to remedy the wrong done to the Mussalmans and other minority communities on account of the above appointments?

The Honourable Sir Bhupendra Nath Mitra: (a) No.

(b) No.

(c) Yes. But the Home Department office memorandum referred to deals with recruitment for the clerical establishments only of the Government of India Secretariat and Subordinate offices.

(d) The question does not arise.

Maulvi Muhammad Yakub: Will the Government be pleased to state the exact figures under sub-heads (1) and (2) of my question 214?

The Honourable Sir Bhupendra Nath Mitra: There is no sub-head (1) or sub-head (2) in the question.

Maulvi Muhammad Yakub: The Government reply to my question (a) was 'No' and to part (b) also was 'No'. I want to know how many direct appointments were made and how many of them were given to Moslems and how many to non-Moslems; in the same way how many appointments were made from the department and how many of them went to Moslems and how many to non-Moslems.

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member should realise that I do not carry these figures in my head. If he wants the information I would suggest that he should put down a precise question.

Mr. Chaman Lall: Will the Honourable Member request the Honourable Maulvi to set down precise *correct* questions in future?

REPRESENTATION OF MINORITY COMMUNITIES IN DEPARTMENTS UNDER THE GOVERNMENT OF INDIA.

215. ***Maulvi Muhammad Yakub:** (a) Do Government propose to ask for report from all the Departments under the Government of India and state what effect they have given to the Home Department Memorandum No. F.-176/25-Estbs., dated the 5th February, 1926, since it was issued?

(b) What measures do the Government propose to adopt to insure the carrying out of the instructions contained in the memorandum mentioned above?

(c) Do the Government desire that the Memorandum should remain a dead letter?

The Honourable Sir Alexander Muddiman: I would refer the Honourable Member to part (c) of my reply to his question No. 49 of the 27th January.

216, 217, 218. (Not put.)

DISTANCE OF SUB-POST OFFICE AT BAGISAR FROM MANSIARI AND MILAM POST OFFICE.

219. ***Maulvi Muhammad Yakub:** (a) Is it a fact that the Sub-Post Office of Bagisar (District Almora) is the account office of the Mansiari Post Office and the Milam Post Office?

(b) Is it also a fact that the distance from Bagisar to Mansiari Post Office is 49 miles and that from Bagisar to Milam Post Office is 79 miles?

Sir Ganen Roy: (a) Yes.

(b) No. The distance from Bageshwar to Mansiari is 53½ miles and from Bageshwar to Milam 83½ miles.

CONVERSION OF BRANCH POST OFFICE AT MANSIARI INTO SEASON SUB-POST OFFICE.

220. ***Maulvi Muhammad Yakub:** Are Government prepared to convert the Branch Post Office of Mansiari into a season Sub-Post Office for a period of 4 months every year, i.e., from June to September, so that there may be a connection between the season Post Office of Milam with this proposed sub-office?

Sir Ganen Roy: No, as the average monthly income of the Mansiari branch post office is not sufficient to cover the extra cost which its conversion into a sub-office would involve. The Milam season post office is already connected with the Mansiari post office, both being on the same runners' line.

SAVINGS BANK DEPARTMENT AT MANSIARI POST OFFICE.

221. ***Maulvi Muhammad Yakub:** Are Government prepared to authorise the Post Office of Mansiari to do the Savings Bank work?

Sir Ganen Roy: The Mansiari Post Office is already authorised to do savings bank work but no savings bank account has so far been opened.

EXPEDITIOUS DISTRIBUTION OF LEGISLATIVE ASSEMBLY DEBATES TO PURCHASERS.

222. ***Maulvi Muhammad Yakub:** Are Government prepared to issue orders to the Superintendent of the Government Central Press, Delhi, Simla and Calcutta, to continue to send the issues of the Report of Legislative Assembly Debates, to its purchasers as soon as its copies are distributed among the Members of the Legislative Assembly, so that the public may know at once what is being done in the Legislative Assembly?

The Honourable Sir Bhupendra Nath Mitra: Copies of the debates which are purchased are not distributed by the Managers of Government Presses but by the Central Publication Branch, and they are issued by that branch as soon as they are received. There is no intention of altering this arrangement.

ADMISSION OF MR. SATYENDRA CHANDRA MITRA TO ASSEMBLY.

223. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that Mr. Satyendra Chandra Mitra, now under detention in Mandalay Jail, has been elected a Member of the Legislative Assembly? If so, in what issue of the "Gazette of India" has his election been published?

(b) Has this gentleman applied to the Government to give him reasonable facilities to take the oath of allegiance to the Crown, and will he be permitted to do so?

Mr. L. Graham: (a) Yes. The Honourable Member's name was published in the Gazette of India, Part I, dated the 16th October, 1926.

(b) No such application has been received by the Government of India.

THEFT AND BURGLARY IN NEW DELHI.

224. *Mr. Gya Prasad Singh: Is it a fact that cases of theft and burglary are on the increase in New Delhi, and will the Government be pleased to state the number of such cases, month by month, during the last six months, the facts of each case in brief, and the steps taken to prevent recurrence of such crimes?

The Honourable Sir Alexander Muddiman: Yes, there has been an increase in this class of crime in New Delhi during December 1926.

2. As many extra patrols as are available have been posted in New Delhi. Government are at the present moment endeavouring to arrange an increase in the Delhi Police Force sufficient to provide adequate protection for this area, and I hope those members of the House who are Members of the Finance Committee will give sympathetic consideration to our proposals.

PROPORTION OF MUHAMMADANS IN SUPERIOR POSTAL AND CUSTOMS SERVICES.

225. *Mr. Anwar-ul-Asim: Will the Government be pleased to state Province by Province—

(a) the total number of Postal Superintendents and how many of these are Muhammadans; and

(b) the total number of officers in the Superior ranks of the Customs services and how many of these are Muhammadans?

The Honourable Sir Bhupendra Nath Mitra: A statement giving the information asked for under heads (a) and (b) of the Honourable Member's question is laid on the table.

Statement.

	Total number of Postal. Superintendents.	Number of Muhammadans.
(a) Bengal and Assam	81	1
Bihar and Orissa	12	5
Bombay	22	1
Burma	12	Nil.
Central Provinces	14	1
Madras	23	3
Punjab and North-West Frontier	23	9
Sind and Baluchistan	5	1
United Provinces	20	9
Railway Mail Service	19	2
Total	181	32
	Total number of gazetted officers.	Number of Muhammadans.
(b) Bengal	14	Nil.
Bombay (including Sind)	20	1
Burma	8	1
Madras	15	Nil.
Total	57†	2‡

† 32 of these posts are in the Imperial Customs Service, officers in which are liable to transfer and are in fact frequently transferred from province to province.

‡ Both the officers belong to the Imperial Customs Service.

**PROPORTION OF MUHAMMADANS IN SUBORDINATE ACCOUNTS, CUSTOMS,
POSTS AND TELEGRAPH DEPARTMENTS IN BURMA.**

226. ***Mr. Anwar-ul-Azim:** Will the Government be pleased to state whether recruitment of Mohammedans in the Subordinate service of the three Departments, *vis.*, Accounts Department, Customs, Posts and Telegraphs in Burma, which are directly under the Imperial Government are maintained in the same ratio as in other provinces and if not, why? What ratio do the number of Burmese Muslims or otherwise domiciled Muslims in Burma bear to the total strength of the population of that province?

The Honourable Sir Basil Blackett: The information required by the Honourable Member is being collected and will be furnished to him as soon as possible.

**PROPORTION OF MUHAMMADAN DISTRICT AND SESSIONS JUDGES IN
BENGAL AND THE PUNJAB.**

227. ***Mr. Anwar-ul-Azim:** Will the Government be pleased to state what is the number of Mohammedan District and Sessions Judges in Bengal and the Punjab compared to the other Indian nationalities?

The Honourable Sir Alexander Muddiman: According to the civil lists corrected up to the 1st October, 1926, among the permanent District and Sessions Judges in Bengal there are three Muhammadans and 11 Hindus, and in the Punjab 1 Muhammadan, 2 Hindus and 1 Sikh.

MUHAMMADANS IN IMPERIAL FOREST SERVICE.

228. ***Mr. Anwar-ul-Azim:** Will the Government be pleased to state what is the number of Mohammedans in the Imperial Forest Service all over India by Provinces and the number of their total cadre?

The Honourable Mr. J. W. Shore: I place on the table a statement giving the information required.

Statement showing the sanctioned Imperial Forest Service cadre and the number of Muhammadans therein in each province.

Province.	Sanctioned cadre.	Number of Muhammadans.
Assam	22	Nil
Bengal	21	2
Bihar and Orissa	17	Nil
Bombay	43	Nil.
Burma	119	Nil.
Central Provinces	32	1
Madras (with Coorg)	64	1
Punjab (with Baluchistan and North-West Frontier Province) .	39	3
United Provinces (with Ajmer)	41	1

RAILWAY CONNECTION BETWEEN INDIA AND BURMA.

229. ***Mr. Anwar-ul-Asim:** Will the Government be pleased to state if there is a possibility of linking India with Burma by railways?

Mr. A. A. L. Parsons: There is certainly a possibility, though I am doubtful whether the through connection will be established in the very near future.

BURMANISATION OF DEPARTMENTS UNDER THE GOVERNMENT OF INDIA IN BURMA.

230. ***Mr. Anwar-ul-Asim:** Will the Government be pleased to state whether it is contemplated by Government to Burmanise the Departments under the Government of India in the Province of Burma, and if so, whether the Government propose to allow free transfer of non-Burman officers already in service in that province to their respective provinces in India?

The Honourable Sir Alexander Muddiman: Enquiries are being made from the Departments of the Government of India concerned as to whether they have any such scheme under consideration and the result will be communicated to the Honourable Member in due course.

PROVISION OF LAVATORIES IN THIRD CLASS CARRIAGES ON METRE GAUGE COCHIN STATE RAILWAY.

231. ***Sir Purushotamdas Thakurdas:** (a) Is it a fact that no lavatories are provided in third class carriages on the Cochin State Railway (Shoranur to Ernakulam metre gauge) which is worked by the South Indian Railway?

(b) Are Government aware that as the journey from Shoranur to Ernakulam takes more than four hours, the want of lavatories in third class carriages is causing great inconvenience to this class of passengers, especially ladies and children?

(c) Will Government be pleased to state what action they propose to take to have this remedied?

Mr. A. A. L. Parsons: I am quite prepared to believe that the facts are as stated by the Honourable Member though I have no exact information. At the same time I may point out that the line is only some 60 miles long, that there are stations at intervals of approximately 5 miles, that the passenger trains stop at all these stations, and that at important stations like Trichur Alwade and Chalakudi the trains stop for some minutes. I doubt therefore whether the inconvenience is very serious but I am sending a copy of the Honourable Member's question to the Agent of the South Indian Railway—the working Agency for the line.

DECREASE IN GROSS EARNINGS OF NORTH-WESTERN RAILWAY DURING 1926 OWING TO COMPETITION OF MOTORS.

232. ***Mr. Abdul Hays:** (a) Will the Government please state if it is a fact that there has been considerable decrease in the total approximate gross earnings of the North-Western Railway for the year 1926?

(b) Is it a fact that this decrease is mainly due to less booking of passengers as a result of very keen competition for passengers existing at present on certain sections of the North-Western Railway between the Railway and some Motor and Lorry Service Agencies?

(c) Is it a fact that on account of this competition and loss the Railway had to increase last year the number of Up and Down trains running between Jullundur and Hoshiarpore and Ferozepore and Moga from 6 to 12?

(d) Will the Government please state if the loss to the railway on these sections was arrested by this increase in the number of trains?

(e) Will the Government please state the amount of extra expenditure incurred by the Railway Department on account of these additional trains on the Jullundur, Hoshiarpore, and Ferozepore, and Moga section up to the 31st December, 1926?

Mr. A. A. L. Parsons: (a) Yes.

(b) No.

(c) The increase in the number of Up and Down trains between Jullundur and Hoshiarpore and between Ferozepore and Moga last year was due to additional trains being put on to meet motor competition and the needs of public traffic.

(d) It is too early as yet to say if the provision of these extra trains has arrested the loss due to road competition but undoubtedly the provision of better and more suitable train services is drawing additional traffic to the railway presumably from the roads.

(e) Figures of the extra expenditure on account of these additional trains are not obtainable.

DECREASE IN GROSS EARNINGS OF NORTH-WESTERN RAILWAY DURING 1926 OWING TO COMPETITION OF MOTORS.

233. ***Mr. Abdul Haya:** (a) Has there been a loss in the earnings of the Kalka-Simla section of the North-Western Railway for the year 1926 due to competition between the Railway and certain Motor and Lorry Service Agencies?

(b) Is it a fact that travelling by motors and taxis is cheaper than travelling by the Railway?

(c) What steps have the Government taken or propose to take to prevent this loss to the Railway in future?

Mr. A. A. L. Parsons: (a) and (b) It is a little difficult to say whether travelling by motor is in all cases cheaper than by rail, but there is no doubt that passenger traffic has to some extent been diverted from the Kalka-Simla Railway to the road by the competition of motors.

(c) Some reductions in the Kalka-Simla Railway fares have been introduced from February 1st, 1927, and further reductions of fares on the Kalka-Simla Railway during the season are under consideration.

REMODELLING OF KALKA RAILWAY STATION.

234. ***Mr. Abdul Haya:** (a) Is there any proposal before the Government to remodel and reconstruct the railway station of the North-Western Railway at Kalka?

(b) If the answer to part (a) be in the affirmative, will the Government please state why this remodelling of the station has been considered necessary?

(c) What is the estimate of cost of this proposal?

Mr. A. A. L. Parsons: (a) Yes, it is proposed to remodel Kalka Railway Station.

(b) The arrangements for despatch and arrival of both Narrow Gauge and Broad Gauge Trains and for holding of stock are inadequate. The arrangements for transfer and weighing of luggage between the B. G. and N. G. and *vice versa* also require to be improved.

(c) Approximately 5 lakhs.

APPOINTMENT OF PROVINCIAL SERVICE MEN TO POLITICAL DEPARTMENT
IN THE NORTH-WEST FRONTIER PROVINCE.

235. ***Mr. Abdul Hays:** (a) Will the Government please state what steps they have taken to give effect to the recommendation of the Lee Commission that 25 per cent. of the posts in the Political Department of North-West Frontier Province should go to the members of the Provincial Civil Service of that Province?

(b) Will the Government please lay on the table a statement showing the names of the members of the Provincial Civil Service who have since this recommendation been permanently appointed to serve in the Political Department giving in each case the date of such appointment and the date of retirement, transfer, or reversion?

(c) How many members of the Provincial Civil Service are at present temporarily retained by the Political Department in its cadre? Will the Government please state the period for which each officer has been so temporarily acting in the Political Department?

(d) Did the members of the North-West Frontier Provincial Civil Service make a representation to the Government in 1924 regarding this matter? If so, what orders did the Government pass on this representation?

Mr. E. B. Howell: (a) The Lee Commission did not make the recommendation stated in the question. In paragraph 42(a) of their report they recommended that 25 per cent. of the officers annually recruited for the Political Department should be Indians, who should be obtained from the Indian Civil Service, the Provincial Civil Services and from the Indian Army.

(b) and (c). The information required is contained in the statement laid on the table.

(d) Yes—in 1925. They asked that a certain percentage of the Indian recruitment for the Political Department should be reserved for the Provincial Civil Service of the North-West Frontier Province. The request was not accepted, because, as already announced in the Foreign and Political Department Press Communiqué, dated the 2nd September, 1921, the primary sources of Indian recruitment to the Political Department are the Indian Civil Service and the Indian Army, and officers of the Provincial Civil Services are recruited only in cases of special merit.

Statement referred to in reply to parts (b) and (c) of Mr. Abdul Hays's Question No. 235.

(b) The following officers of the Provincial Civil Services have been admitted to the Political Department since 1924;

- (1) †Khan Bahadur Muhammad Inam-ul-Huk—appointed on the 4th October 1924.
- (2) Khan Bahadur Maulvi Ahmed Din, M.B.E.—appointed on 2nd April 1925 and retired on 18th May 1926.

(c) The following officers of the Provincial Civil Services are at present temporarily acting in the Political Department from the dates shown against each :

Baluchistan.

1. Mr. J. E. Lidieth, M.B.E.—From 4th October 1922.
2. Sardar Muhammad Jafar Khan—From 28th September 1925.
3. Rai Sahib Mehta Nihal Chand—From 15th November 1925.
4. Khan Sahib Gul Muhammad Khan—From 29th November 1926.

North-West Frontier Province.

1. Khan Sahib Muhammad Dilawar Khan—From 9th April 1924.
2. Muhammad Safdar Khan—From 1st May 1926.
3. Khan Sahib Zafar Khan—From 7th July 1926.
4. Khan Sahib Mufti Muhammad Yakub Khan—From 2nd December 1926.
5. Khan Bahadur Arbab Wali Mohammed Khan—From 1st February 1923.
6. Khan Bahadur Kuli Khan—From 28th March 1925.

CONTROL DEPARTMENT, BENGAL NAGPUR RAILWAY.

236. ***Pandit Nilakantha Das**: How long has the Control Department been in existence on the Bengal Nagpur Railway?

Mr. A. A. L. Parsons: There is no separate Control Department. Presumably the Honourable Member refers to the Train Control system. It was first introduced at Nagpur in January, 1917, and extended over the whole Broad Gauge System, exclusive of short Branches, by August, 1926.

INDIAN HEAD TRAIN CONTROLLERS ON BENGAL NAGPUR RAILWAY.

237. ***Pandit Nilakantha Das**: (a) How many Head and Deputy Head Train Controllers have been appointed on the Bengal Nagpur Railway during the last two years?

(b) How many of them are Indians?

(c) What facilities, if any, were given for Indian appointments?

Mr. A. A. L. Parsons: (a), (b) and (c). Government have no information, and regret that they cannot undertake to enquire.

† Prior to his appointment, Khan Bahadur Inam-ul-Huk held the post of Attaché, Foreign and Political Department, which has been declared by the Governor General in Council to be of the status of the Provincial Civil Service.

EFFECT OF REDUCTION SCHEME ON BENGAL NAGPUR RAILWAY.

288. ***Pandit Nilakantha Das:** (a) Has there been any reduction of staff on the Bengal Nagpur Railway during the last two years?

(b) How many have been discharged in consequence of the reduction scheme?

(c) How many of them are Indians, how many Anglo-Indians and how many Europeans?

(d) Has the reduction scheme affected officers drawing above Rs. 200 a month? If so, to what extent and proportion?

The Honourable Sir Charles Innes: We have no later information than that which the Honourable Member will find in the statements on pages 53, 55 and 94 to 102 of the report by the Railway Board on Indian Railways for 1925-26. Similar figures will be given for future years, and they will enable the Honourable Member to judge the effect of the action taken on the investigation which was carried out through the agency of a special officer on the Bengal Nagpur Railway last cold weather.

AMALGAMATION OF ORIYA-SPEAKING TRACTS.

239. ***Pandit Nilakantha Das:** What steps are the Government taking for the amalgamation of the Oriya-speaking tracts under the Local Administration?

AMALGAMATION OF ORIYA-SPEAKING TRACTS.

240. ***Pandit Nilakantha Das:** (a) Is there a definite contemplation of a sub-province for the Oriya-speaking Tracts?

(b) If so, will the Government make a statement explaining the scope and character of such a sub-province?

AMALGAMATION OF ORIYA-SPEAKING TRACTS.

241. ***Pandit Nilakantha Das:** Will the Government give the people concerned in Bihar and Orissa an opportunity of expressing opinion before any sub-province is formed?

AMALGAMATION OF ORIYA-SPEAKING TRACTS.

242. ***Pandit Nilakantha Das:** Do Government propose to unite all the Oriya-speaking tracts apart from the question of forming the tracts into a sub-province or separate Province?

The Honourable Sir Alexander Muddiman: With your permission, Sir, I will reply to the questions Nos. 239 to 242 together. Government has under consideration the claims made by certain Oriya-speaking tracts, and has consulted the Local Governments concerned. But no decision has been reached, and, in particular, no definite attitude towards the expedient of constituting a sub-province has been adopted.

Government is aware of an inclination to suspend judgment on the merits of a sub-province till its consequences can be gauged, and will endeavour to elicit opinions before adopting any definite scheme.

ATTENDANCE OF MESSRS. S. C. MITRA AND S. C. BOSE AT THE LEGISLATIVE ASSEMBLY AND BENGAL COUNCIL, RESPECTIVELY.

243. ***Pandit Nilakantha Das:** (a) Do the Government think of making it possible for Messrs. Satyendra Chandra Mitra, M.L.A., and Subhas Chandra Bose, M.L.C. (Bengal detenus) to attend to their duties as legislators?

(b) Have they been allowed to come to take the oath of office?

The Honourable Sir Alexander Muddiman: (a) and (b). The answer is in the negative.

EMIGRATION OF INDIANS TO BRITISH GUIANA.

244. ***Mr. Gaya Prasad Singh:** (a) Will the Government be pleased to say whether any depot has been opened for the recruiting of labourers for British Guiana, since March 1926? If so, how many, and where?

(b) Who has been appointed Emigration Commissioner, and on what pay?

(c) How many recruiting agents have been employed by this department, and what are their names and addresses?

(d) Will the Government kindly lay on the table a copy of the terms on which labourers are recruited for British Guiana?

The Honourable Mr. J. W. Bhore: (a) No

(b) No Emigration Commissioner has been appointed.

(c) No recruiting agents have been employed.

(d) The terms and conditions on which it has been declared that emigration to British Guiana for the purpose of unskilled work will be lawful are contained in Notification No. 240-Oversens, dated the 23rd March, 1926, which was approved by both Chambers of the Indian Legislature and has been published in the Gazette of India. The notification has not yet come into operation as the Government of British Guiana have not yet intimated the date from which they desire that emigration to that Colony should commence.

PUBLICATION OF FIJI DEPUTATION REPORT.

245. ***Mr. Gaya Prasad Singh:** Will the Government kindly state if they propose to publish the Fiji Deputation Report of 1921?

The Honourable Mr. J. W. Bhore: After the most careful consideration, the Government of India have come to the conclusion that the interests of the Indian community in Fiji would best be served by not publishing the Report referred to.

Pandit Hirday Nath Kunzru: May I ask a supplementary question, Sir? In view of the fact that the correspondence between the Colonial Office and the Government of India has been published, will not Government reconsider their decision in regard to the publication of the Fiji Deputation's Report?

The Honourable Mr. J. W. Bhore: I do not see the connection but I regret, Sir, that Government cannot reconsider their decision. I have given my Honourable friend the final decision of Government in this matter.

Pandit Hirday Nath Kunzru: May I then ask the Honourable Member to let us know a little more in detail the reasons of Government for not publishing that Report?

The Honourable Mr. J. W. Bhore: Sir, I recognise that this is a matter of great public interest, and if it will assist in satisfying the House finally in regard to this matter, I shall be most happy to supplement the reply I have just given. The fact, Sir, is that that Report deals with highly contentious issues, and on those issues strongly divergent views are held by both parties. Any publication of this Report must

Pandit Hirday Nath Kunzru: May I interrupt the Honourable Member? What does he mean by both parties?

The Honourable Mr. J. W. Bhore: The Fiji Deputation, on whose report the Government of India base their case, and the Government of Fiji. Any publication, therefore, of this Report must inevitably lead to rejoinder and counter-rejoinder and in the opinion of the Government of India this would lead to a breaking down of the present atmosphere which is, as far as we can judge, very hopeful and promises progressive improvement in the Indian position.

Mr. R. K. Shanmukham Chetty: May I know, Sir, if the Report submitted by the Fiji Deputation is a unanimous Report?

The Honourable Mr. J. W. Bhore: I am afraid, Sir, that I cannot give the Honourable Member any further information in regard to it.

Pandit Hirday Nath Kunzru: Do I understand, Sir, that the only reason for the non-publication of the Report is that the conclusions arrived at by the Deputation are very different from the opinions held by the Fiji Government?

The Honourable Mr. J. W. Bhore: I have explained the position at some length and I do not think I can add anything more to it.

Mr. Gaya Prasad Singh: Can the Report be shown privately to a Member of this House, Sir?

The Honourable Mr. J. W. Bhore: No, Sir.

GRANT OF LAND IN NEW DELHI FOR BUILDING ANGLICAN CHURCH, MOSQUES OR TEMPLES.

246. ***Mr. Gaya Prasad Singh:** (a) Will the Government be pleased to say if they have given or propose to give any land in New Delhi for the building of an Anglican Church? If so, how much land, and on what terms?

(b) Have the Government made any pecuniary grant, or propose to make any such grant towards the building, or for the upkeep, of the Anglican Church? If so, how much?

(c) Have the Government given, or propose to give any land in New Delhi, or make any pecuniary grant for the purpose of building any temple or mosque? If so, how much?

The Honourable Sir Charles Innes: (a) The Government have allotted a site, having an area of 3.825 acres for the Anglican Church, but have

not yet arrived at a decision as to the terms on which the land is to be made over.

(b) Government does not at present propose to make any grant towards the building of the Anglican Church at New Delhi.

(c) Government have under consideration a proposal to grant land for the purpose of building a temple and subsidiary structures. An application for a site for a mosque has also just been received. Government have leased land amounting to 3.44 acres to the Aggarwal and Khandalwal Jain Societies. The land surrounds the temples which existed when the land was acquired.

A certain amount of land has been set aside round two Gurdwaras to make their sites conform to the layout of the New Capital, but the lands have not been conveyed to any Registered Society or Corporation. Similarly, small areas have been set aside round two existing temples but there is no Registered Society to which they can be conveyed.

Mr. M. Ruthnaswamy: Sir, may I ask the Government if they have given any facilities for the building of a Roman Catholic Church in New Delhi?

The Honourable Sir Charles Innes: I am afraid I must ask for notice of that question, Sir.

EXPENDITURE ON POST OFFICE PREMISES IN BOMBAY.

247. ***Mr. Jamnadas M. Mehta:** (a) Will the Government be pleased to furnish a statement showing the total monthly expenditure on account of Post Office premises in the town and Island of Bombay during the months of December, 1924, and December, 1926?

(b) Were the requirements of the Post Office duly advertised in the local papers and if so, how long before the termination of the old leases?

(c) Is it a fact that on the termination of the old leases of the two Post Offices in Bombay, the rents were enhanced by 250 per cent. and more for the same premises?

(d) Are Government aware that the rents of premises in Bombay have steadily gone down since December, 1924?

Sir Ganen Roy: (a) A statement showing the monthly rent paid for post office buildings in the Town and Island of Bombay in December, 1924, and December, 1926, is placed on the table.

(b) This was done in the cases of the Kalbadevi, Mandvi, Dharavi and Tardeo post offices. The advertisement in respect of the Kalbadevi post office appeared over two months before the expiry of the old lease. Information as to the dates of publication of the advertisements in the other cases is not now available.

(c) It is not understood to which particular post offices the question refers. The statement furnished, however, shows the increases, if any, in each case.

(d) No.

Statement showing the monthly rent paid for each of the post office buildings in the town and island of Bombay in December 1924 and December 1926.

Name of the office.	Rent in December, 1924.	Rent in December, 1926.
	Rs. A. P.	Rs. A. P.
1. Apollo Bandar	Free.	Free
2. Apollo Street	218 9 0	213 9 0
3. Ballard Road	157 8 0	Rent abolished since 1st December, 1926.
4. Bandra	Government Build- ing.	Government Build- ing.
5. Baribhai Moholla	140 0 0	250 0 0
6. Byculla	250 0 0	375 0 0
7. Calcutta Road	150 0 0	100 0 0
8. Chamarbag	70 0 0	70 0 0
9. Chhapati	105 0 0	105 0 0
10. Chinch Bandar	Opened from 1st February, 1926.	150 0 0
11. Churchgate Street	Government Build- ing.	Government Build- ing.
12. Clare Road	200 0 0	200 0 0
13. Colaba	Government Build- ing.	Government Build- ing.
14. Cotton Exchange	40 0 0	50 0 0
15. Crawford Market	225 0 0	225 0 0
16. Cumballa Hill	85 0 0	100 0 0
17. Dadar	400 0 0	400 0 0
18. Delisle Road	225 0 0	275 0 0
19. Charavi	41 3 0	45 4 0
20. Elphinstone Circle	Government Build- ing.	Government Build- ing.
21. Falkland Road	80 0 0	80 0 0
22. Girgaon	600 0 0	600 0 0
23. Grant Road	400 0 0	400 0 0
24. Haffkine Institute	Government Build- ing.	Government Build- ing.
25. Hughes Road	Opened from 2nd January, 1926.	80 0 0
26. Jacob Circle	250 0 0	Shifted to the De- partmental Build- ing on 7th July, 1926.

Statement showing the monthly rent paid for each of the post office buildings in the town and island of Bombay in December 1924 and December 1926—contd.

Name of the office.	Rent in December, 1924.	Rent in December, 1926.
	Rs. A. P.	Rs. A. P.
27. Jumma Masjid	175 0 0	210 0 0
28. Kalachowki	Opened from 1st June, 1926	175 0 0
29. Kalbadevi	400 0 0	1,500 0 0
30. Khoja Street	65 0 0	65 0 0
31. Lady Hardinge Road	40 0 0	40 0 0
32. Lady Jamshedji Road	110 0 0	65 0 0
33. Madhav Bagh	Opened from 15th June, 1926.	275 0 0
34. Mahim	125 0 0	140 0 0
35. Malabar Hill	Government Build- ing.	Government Build- ing.
36. Mandvi	500 0 0	1,250 0 0
37. Masjid	20 0 0	*220 0 0
38. Matunga	50 0 0	50 0 0
39. Mazgaon	225 0 0	225 0 0
40. Mumbadevi	184 4 4	184 4 4
41. New Nagpada	50 0 0	50 0 0
42. Parbhadevi	50 0 0	35 0 0
43. Parel	525 0 0	700 0 0
44. Princess Dock	46 8 0	46 8 0
45. Ramwadi	499 0 0	490 0 0
46. Secretariat	Government Build- ing.	Government Build- ing.
47. S. V. Press	60 0 0	20 0 0
48. Shroff Mahajan	Rent free.	Rent free.
49. Sion	11 12 0	25 0 0
50. Sewri	38 7 0	35 11 0
51. S. C. Court	Government Build- ing.	Government Build- ing.
52. Tardeo	125 0 0	125 0 0
53. Thakurdwar	110 0 0	110 0 0

* Owing to the closing of the departmental Telegraph Office at Masjid and the conversion of the Masjid S. O. into a C. S. O.

Statement showing the monthly rent paid for each of the post office buildings in the town and island of Bombay in December 1924 and December 1926—contd.

Name of the Office.	Rent in December, 1924.	Rent in December, 1926.
	Rs. A. P.	Rs. A. P.
54. Umarkhadi	300 0 0	300 0 0
55. Victoria Gardens	110 0 0	110 0 0
56. Wadala	16 8 0	26 0 0
57. Warli	21 9 0	48 5 0
58. Khar	Opened from 1st August, 1926.	50 0 0
Total	7,485 4 4	10,338 9 4

Mr. Jamnadas M. Mehta: So far as (c) is concerned, I refer to Mandvi and Kalbadevi. Is it true that the rents now paid are 250 per cent. more and 375 per cent. more than they used to be in former years, namely, that Government are now paying Rs. 1,250 where they were paying Rs. 500 per month in the case of Mandvi and are now paying Rs. 1,500 where they were paying Rs. 400 in the case of Kalbadevi Post Office?

Sir Ganen Roy: I do not find anything in the records of the case to confirm what the Honourable Member has said about the rents of the building, but anyhow, I shall look into the matter.

Mr. N. M. Joshi: May I ask, Sir, whether Government will make a very searching inquiry into the increase of rents in the post offices of Bombay in view of the fact that the post offices have paid increased rents while in the city of Bombay the rents are going down? As far as my knowledge goes, the total amount of

Mr. President: Order, order. The Honourable Member has already put the question and he is not entitled to introduce arguments.

Sir Ganen Roy: The matter has been very carefully considered.

Mr. N. M. Joshi: May I ask, Sir, whether the Government of India have made searching inquiries into the fact as to why the rent of the post office at Kalbadevi should have been Rs. 1,500 when the rent in 1924 was only Rs. 400?

The Honourable Sir Bhupendra Nath Mitra: In the case of the Kalbadevi post office, tenders were called for and the present rent is the cheapest we were called upon to pay. The Honourable Member's assumption that rents in Bombay have gone down in recent years is, we understand, not wholly correct. We consulted the local authorities, and the authorities of the Bombay Municipality said that that statement was not wholly correct, and that, though in certain parts of the city rents had gone down, there were other parts in which rents had really gone up. As regards the Kalbadevi Post Office, if my Honourable friend will refer to the reply already given by Sir Ganen Roy he will find that tenders were actually called for in regard to the new post office building rented.

Mr. Jamnadas M. Mehta: Who is the officer in the Bombay Municipality through whom the Honourable Member has received information that the rents in Bombay are not going down? Evidently the gentleman is not living in Bombay.

The Honourable Sir Bhupendra Nath Mitra: The gentleman is living in Bombay. I said that he was a responsible authority of the Bombay Municipality.

Mr. A. Rangaswami Iyengar: May I know what the Honourable Member meant by saying that tenders were called for in respect of houses to be rented? What is the process? I could not quite follow.

The Honourable Sir Bhupendra Nath Mitra: An advertisement is issued in the papers that the Post Office wants to hire a building in a particular locality with a certain amount of accommodation and people tender for it and the house which is the cheapest is rented.

Mr. N. M. Joshi: May I ask again whether in view of the fact that the post office is paying much more rent than it should or than it was paying before the Government will make a searching enquiry into this matter? May I also suggest that, in view of the fact that the Postal Department is considered to be a very honest department, the Government should make a very impartial enquiry into the matter?

The Honourable Sir Bhupendra Nath Mitra: Enquiry has already been made, but if it will satisfy my Honourable friend, I shall have another enquiry made.

Mr. A. Rangaswami Iyengar: The Honourable Member told us that advertisements are published asking people to let their houses and that is the tender system. I want to know how the tender is dealt when a number of people offer houses in a particular locality (*An Honourable Member:* "Different localities")—in different localities of the same size and with the same accommodation? What are the data upon which these tenders are scrutinised and what are the data upon which the rent is fixed?

The Honourable Sir Bhupendra Nath Mitra: I said a particular locality. If we want a building for a post office in Kalbadevi there is no use in a man in Muhim offering his house. (Laughter.)

Sir Walter Willson: In view of the great increases in rent are Government considering the advisability or otherwise of introducing measures for the taxation of unearned increments?

Mr. Jamnadas M. Mehta: Does the Honourable Member admit that the rents for the Mandvi and Kalbadevi offices have gone up from Rs. 500 to Rs. 1,250 and from Rs. 400 to Rs. 1,500 respectively? And is it not a fact that rents in Bombay have not gone up at all?

The Honourable Sir Bhupendra Nath Mitra: I know that is the position in regard to the Kalbadevi post office building and the answer is that it was not possible to get another building on a lower rental in spite of the issue of the advertisement.

Mr. A. Rangaswami Iyengar: What then was the tender called for if it was the same house that was wanted?

LOWNESS OF THE DOME AND LEVEL OF THE COUNCIL HOUSE.

248. *Maulvi Muhammad Yakub: (a) Are Government aware that the dome of the Central Library in the new Legislative buildings is from the outside very disproportionate to the size of the building?

(b) Will the Government be pleased to state which of the ancient buildings in India has got such a disproportionate dome from which the inspiration of this dome was drawn?

(c) Will the Government be pleased to state what the significance is of constructing the Legislative buildings in New Delhi on a lower level than the Government of India Secretariat?

The Honourable Sir Bhupendra Nath Mitra: (a) and (b) The architectural feature which symbolises the Unity of the Three Chambers is the circular colonnade and not the inner Dome, which in the Architect's design was not intended to be seen from outside the building, but only within the courts, and which will cease to be seen from outside the building when the attic wall has been built.

(c) The necessity for the construction of a separate Council House of the present magnitude could not be anticipated when the Central Buildings were designed, and no space was accordingly provided for it on the great plateau built on the out crop of rock. The need for the building arose on the introduction of the constitutional reforms in 1920-21 and there was then no other raised site available near the Central Buildings.

Mr. A. Rangaswami Iyengar: Are we to take it that there is no significance in putting this dome lower?

The Honourable Sir Bhupendra Nath Mitra: None.

THE LAND ACQUISITION (AMENDMENT) BILL.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural). I rise to move for leave to introduce a Bill to amend the Land Acquisition Act, 1894, for certain purposes. In the usual statement accompanying the Bill I have fully stated my objects and reasons; but in a few sentences I will throw some further light upon the amendments which I seek to bring about by this Bill.

I may, first of all, assure the House that the Bill is conceived in an entirely constructive spirit. The Land Acquisition Act is a necessity and I take it as a settled fact, but in my view a number of amendments can be carried out in the Act, especially from the point of view of the owners who are unfortunately deprived of their land by compulsion. In my view a thread of imperfections runs from end to end of the Act, and I will just indicate the main heads of my amendments only to disclose the policy which underlies the Bill.

First of all, I want by my Bill to impose certain restrictions upon the powers and discretion of the executive Government in the matter of acquisition of land, for, in my opinion, Government sometimes unnecessarily go into fantastic schemes of land acquisition. I need not here refer to the case of the Back Bay Reclamation, because it is acquisition of land under water. But I take it that the sea has already had its own revenge upon the Bombay Government by bringing it seriously into disrepute. And, as for the compensation that the sea would require, it

[Mr. N. C. Kelkar.]

would be compensation in specie and in kind and not money compensation, and I am sure the sea will help itself to some compensation as a matter of course by encroaching upon other shores within the realms of the Bombay Presidency. But that apart. Then the Government often launches upon industrial schemes and acquires very large acreages of land in the name of industrial development. I have in my mind the Ambernath Development Scheme, and I believe I am right in saying that lots of acres have been acquired when there was really no necessity for it, and at present quite a lot of area is remaining idle in the hands of Government, being undisposed of. Then the case about industrial development to be carried out by the Tata Company is obvious. Had it not been for a recent very strong agitation against reckless acquisition of land, I believe by this time all the slopes of the Sayadri mountains would have been in the hands of the Tata Company for what they may or may not like to do with them. I have also in mind cases of acquisition for railway companies, for I find that Government unnecessarily commit themselves sometimes by entering into agreements with railway companies, promising to acquire land for them when the railway companies really ought to shift for themselves and acquire land by paying proper compensation to the parties by private arrangement. And these restrictions upon the powers and discretion of Government I seek to accomplish, firstly, by subjecting the discretion of Government to a more thorough and substantial judicial inquiry into the purpose of acquisition. In that respect I want the notices, private and public, to be more thorough and more adequate, so that even people who are not directly interested in the acquisition of land may appear before the tribunal and point out to Government that the purpose of acquisition is not really *bona fide* public purpose and that the land is being unnecessarily acquired. Then I want to introduce by this Bill a radical change into the machinery for fixing the amount of compensation as well as the nature of the compensation, and I propose to substitute private arbitration for the present procedure of fixing compensation first by an award given by a land acquisition officer and subsequently by reference to the District Court, which procedure is, in my opinion, quite unsatisfactory. I want to introduce this change because I find that arbitration was in vogue and was accepted by Government in the old Land Acquisition Acts up to 1870 and I do not know under what influence Government removed that machinery from the Act and substituted the present procedure. To my mind that procedure by private arbitration is a very satisfactory procedure, and, in evidence of that, I may state that the procedure still obtains under the Bombay District Municipal Act, so far as urban areas are concerned. If any land in urban areas is to be acquired, the municipalities are driven to the necessity of acquiring the land by private arbitration, and I do not see that rural land is more valuable than urban land so far as acquisition is concerned. If municipalities must go to the trouble and expense of getting land under the procedure of private arbitration, I do not quite see why land in rural areas should not be similarly acquired by private arbitration also. The great advantage of the procedure I am proposing is that it first of all saves all further litigation by way of appeal and reference. At present we see that litigation goes up even to the Privy Council and involves a lot of cost. But, if land is acquired by private arbitration, then it is practically a registered consent decree and it saves all further litigation. As regards the costs, they may be nothing to Government but they are certainly very

ruinous to private parties, and if there are any Government pleaders here present as members they will bear me out when I say that the costs in acquisition cases are the secret pocket out of which the life savings of Government pleaders sometimes come. Then I want to make the compensation to be given to private owners more equitable than it at present is. That I want to achieve, first of all, by imposing an obligation to give compensation in kind and in specie in certain cases. Thus, for example, if people are deprived of tenements it is certainly equitable that other tenements should be found for them before the unfortunate people are evicted. Then I want to enlarge the scope of loss and damage to be considered in calculating compensation. Here of course the loss and damage is to be taken in the legal sense, but its scope can be equitably enlarged so that these matters may be taken into consideration in calculating the amount of compensation. And lastly I want also to compel the parties, whether Government or private, in whose behalf or for whose benefit the land is acquired, to acquire the remaining land which is injuriously affected by the acquisition of the more important portions. It will be readily seen that if out of a given area the Government or other parties acquire the important portions, the owner really will not know what to do with the section remaining undisposed of. It is only equitable, therefore, if the best portions are acquired the party acquiring it should also be compelled to acquire the remaining portion, thus disposing of the whole plot and saving the owner the trouble and possible loss of trying to dispose of the balance left over. Then it is also equitable that corporations and public bodies should be prohibited from making a trade of land acquisition and augmenting their revenues by a profiteering sort of arrangement. This Government are always prepared to do for corporations and corporations are likely to go in for more land than they really require for their purposes, letting out the remaining land on a profiteering basis in order to make the financial ends of their schemes meet somehow. Then there is one important point, and that is about the restoration of the land which has been excessively acquired and remains undisposed of in the hands of Government or the party for whom the land has been acquired. What is to be done with regard to this land? The man who is deprived of it has of course the first equitable claim to get back possession of that land, and therefore I want to impose a legal obligation upon Government to have the claim of the owner considered first to any land which may remain undisposed of after a certain definite time. Then generally I want to deprive this land acquisition business of its technical character, technical in the judicial and engineering sense. Here I would quote high authority on this point, namely, Sir Norman Macleod, who, as President of the Tribunal, had, I believe, a lot to do with regard to land acquisition in Bombay. In the first place he says:

"The questions which must necessarily most often arise before the courts are those connected with the appraisal of the compensation to be awarded to the owner whose land is being compulsorily acquired, and it must be admitted that a court of law is a most unsuitable forum for the decision of such questions."

And with regard to the technical arbitrators, engineering surveyors and helpers, he says:

"Land valuation is never much more than guess work but the margin of error is far more likely to increase than decrease with the attempt to arrive at an accurate solution by means of elaborate reasoning."

If that is the judgment upon the assistance rendered by engineering surveyors and helpers it is perfectly right, I think, to try and get it out

[Mr. N. C. Kelkar.]

of the hands of the technical arbitrators, and I have already stated that I want also to take it out of the hands of a court of law. Thus I want to make this business as little technical as possible from the judicial and engineering point of view, and, in my opinion, the best way to accomplish this is to set up the old machinery of private arbitration which still obtains within the areas of district municipalities in my own province at any rate. The machinery of private arbitration amounts, as I have stated, to a consent decree which stops all further litigation and costs and gives the owner the satisfaction of having helped himself to justice by appointing arbitrators at whose hands he gets the award. These are three manifest advantages. I hope, I have made out my claim before this House that the Bill is conceived entirely in a constructive spirit. It contains some very useful amendments and I hope the House will give me leave to introduce this Bill and ultimately help me also to carry out some of the amendments.

Mr. President: The question is:

"That leave be given to introduce a Bill to amend the Land Acquisition Act, 1894, for certain purposes."

The motion was adopted.

Mr. N. C. Kelkar: Sir, I introduce the Bill.

Mr. President: Perhaps I might as well remind Honourable Members that we have already established a convention in this House that motions for leave to introduce Bills are not to be opposed, and therefore Members will bear that in mind in making their speeches at this stage.

THE INDIAN REGISTRATION (AMENDMENT) BILL.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural). Sir, I rise to move for leave to introduce a Bill further to amend the Indian Registration Act, 1908.

The Statement of Objects and Reasons annexed to this Bill has dealt elaborately with the circumstances under which the amendments are sought to be introduced in the Registration Act. Sir, I beg leave to move it.

The motion was adopted.

Mr. C. Duraiswamy Aiyangar: Sir, I introduce the Bill.

THE INDIAN PENAL CODE (AMENDMENT) BILL.

(AMENDMENT OF SECTION 141.)

Sir Hari Singh Gour (Central Provinces Hindi-Divisions: Non-Muhammadan): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Penal Code.

In the Statement of Objects and Reasons appended to my Bill and in the notes on clauses I have set out at some length the object I have in view in asking for leave to introduce this Bill. Sir, I ask for leave.

The motion was adopted.

Sir Hari Singh Gour: Sir, I introduce the Bill.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL..

(AMENDMENT OF SECTION 80.)

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor; Non-Muhammadan Rural): Sir, I move for leave to introduce a Bill further to amend the Code of Civil Procedure, 1908. The objects and reasons are stated in the Statement appended to the Bill.

The motion was adopted.

Mr. C. Duraiswamy Aiyangar: Sir, I introduce the Bill.

THE INDIAN SUCCESSION (AMENDMENT) BILL.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I move for leave to introduce a Bill to amend the Indian Succession Act, 1925. The reasons and the objects for which I seek to introduce this Bill are given in the written Statement of Objects and Reasons which I have appended to the Bill. I beg, Sir, for leave to introduce the Bill.

The motion was adopted.

Maulvi Muhammad Yakub: Sir, I introduce the Bill.

THE INLAND STEAM-VESSLS (AMENDMENT) BILL.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move for leave to introduce a Bill further to amend the Inland Steam-vessels Act, 1917. The scope and object of this Bill are fully explained in the Statement of Objects and Reasons.

The motion was adopted.

Mr. K. O. Neogy: Sir, I introduce the Bill.

THE INDIAN LAW REPORTS BILL.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I beg to move for leave to introduce a Bill to regulate and improve the Law Reports. The objects are given, Sir, in the Statement appended to the Bill.

The motion was adopted.

Maulvi Muhammad Yakub: Sir, I introduce the Bill.

THE INDIAN MERCHANDISE MARKS (AMENDMENT) BILL.

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Merchandise Marks Act, 1889. The scope and object of the Bill are fully explained in the Statement of Objects and Reasons.

The motion was adopted.

Mr. K. O. Neogy: Sir, I introduce the Bill.

THE HINDU CHILD MARRIAGE BILL.

Rai Sahib M. Harbilas Sarda (Ajmer-Merwara: General): Sir, I move for leave to introduce a Bill to regulate marriages of children amongst the Hindus. The object of the Bill is fully explained in the Statement of Objects and Reasons attached to the Bill.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I do not desire to break the convention that Bills should not be opposed at the introduction stage, but this is a Bill of a very peculiar character which requires the sanction of the Governor General. All that I wish to say is that, on behalf of the Government, I shall oppose any other motion after motion for introduction, other than a motion for circulation.

Mr. President: The question I have to put is:

"That leave be given to introduce a Bill to regulate marriages of children amongst the Hindus."

The motion was adopted.

Rai Sahib M. Harbilas Sarda: Sir, I introduce the Bill.

THE INTEREST BILL.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I move for leave to introduce a Bill to limit the interest charged on loans of various kinds in British India and to bring the law in conformity to the needs of the people. The reasons for which I seek to introduce this Bill are given in the Statement of Objects and Reasons. I move the motion, Sir.

The motion was adopted.

Maulvi Muhammad Yakub: Sir, I introduce the Bill.

THE SOCIETIES REGISTRATION (AMENDMENT) BILL.

Mr. N. O. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I move for leave to introduce a Bill further to amend the Societies Registration Act, 1860, for certain purposes. The reasons and objects are stated sufficiently in the Statement appended to the Bill. I ask for leave.

The motion was adopted.

Mr. N. O. Kelkar: Sir, I introduce the Bill.

THE CRIMINAL LAW REPEALING AND AMENDING BILL.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-
madan): Sir, I beg to move for leave to introduce. . . .

Mr. President: Order, order. The Honourable Member is too late for
that motion. He must come to item No. 25.

Sir Hari Singh Gour: Sir, I beg to move:

"That the Bill to repeal and amend certain provisions of the Indian Criminal
Law Amendment Act, 1908, and the Code of Criminal Procedure, 1898, be taken into
consideration."

The Honourable Sir Alexander Muddiman (Home Member): Sir,
on a point of order, the Bill not having been introduced, this motion cannot
be made.

Sir Hari Singh Gour: Sir, may I explain myself. I had just gone out
to get a book necessary for the purpose of introducing this Bill. On a
very similar occasion in the last Assembly the Honourable the Home Mem-
ber happened to have gone out, and Sir Frederick Whyte allowed him to
introduce the Bill out of its turn, and I ask you, Sir, to exercise the same
discretion in my favour. I went out for the purpose of preparing myself
with chapter and verse which will enable the House to give me leave to
introduce the Bill. This thing was delayed, and I knew my turn was
coming, and therefore, I ran up for it. I was almost in time, and you
will find, Sir, I was only about a minute late when I came back to the
House. I therefore ask you, Sir, to allow me to introduce this Bill.

The Honourable Sir Alexander Muddiman: Sir, I have no desire to take
a harsh view of the situation, but I do point out that the convention we
have established is that Bills should be allowed to be introduced on the
understanding that Members do not put down a second motion on the
same day. That is the point. My Honourable friend has put down a
second motion. If you, in your discretion, Sir, are pleased to allow him
the grace of introducing his Bill, I trust that you will not allow him to
move a second motion on the same day. On these terms, I am willing
that this Bill should be introduced.

Sir Hari Singh Gour: Sir, I am perfectly prepared to give the Honour-
able Member this undertaking that, if I am given leave to introduce this
Bill, I shall be quite prepared to allow the second motion to stand ad-
journed, provided I am allowed to make a statement that I formally intro-
duce it; and then if the Honourable Member or any other Member wants
time and moves for adjournment, I shall not oppose it.

Mr. President: The convention, according to the Home Member, is that
motions for leave to introduce Bills are not to be opposed, with this reserva-
tion that any Honourable Member who moves for leave to introduce a Bill
will not put down further motions on the same Bill on the same day.
The Honourable Member is entitled to put down further motions on any
other day—the next non-official day. If he accepts that position, the Chair
will allow him to move for leave to introduce his Bill.

Sir Hari Singh Gour: Sir, I agree to it. Sir, I beg to move for leave to introduce a Bill to repeal and amend certain provisions of the Indian Criminal Law Amendment Act, 1908, and the Code of Criminal Procedure, 1898.

Honourable Members who were Members of the last Assembly will remember that a similar motion for the repeal of Part II of the Criminal Law Amendment Act of 1908 stood in my name and was passed by this House by an overwhelming majority. At that time even the nominated Honourable Members of this House asked the Government whether they were prepared to modify the provisions of Part II so as to give the High Court some discretion and jurisdiction for the purpose of enabling them to revise orders issued by the Governor General in Council or the Local Government and I understood the spokesman on behalf of Government to say that that was a separate question and would be decided if and when it was brought to their notice. Sir, I have taken advantage of the suggestion then made in the course of the discussions of my previous Bill to modify the provisions of my present Bill, and the purpose of it is to give the High Court jurisdiction to revise orders passed by the Governor General in Council and under the Devolution Rules by the Local Government. That is the first part of my Bill. Honourable Members will also remember that, in the report of the Repressive Laws Committee, it was suggested—I do not use stronger language than that—it was suggested that the repressive laws should be repealed, and, on a motion to that effect moved by an Honourable Member in this House, several objections were taken to the wholesale repeal of the repressive laws. The most weighty of them all was that there were certain foreigners, that the influx of foreigners in this country required the use of these executive powers. I have considered, Sir, that objection of the Government and it is in view of the objection of the Government that I have moved for the addition of certain words in the Habeas Corpus section of the Code of Criminal Procedure. The object of it is that, while the Government will retain the power of excluding foreigners and non-British subjects, they will not possess the same power as regards British subjects, who will be subject to the provisions of the Habeas Corpus Act as enacted in the Code of Criminal Procedure. In the result, therefore, Sir, my Bill is a modified Bill which takes note of every reasonable objection that has been raised by Government to the wholesale repeal of the regulations and the other repressive laws and to the repeal of Part II of the Criminal Law Amendment Act. I flatter myself, Sir, with the belief that the Honourable the Home Member and those responsible for laying down the policy of the Government will meet me on this occasion by supporting my measure, if and when it comes up for further consideration. For the present I ask for leave to introduce my Bill.

Mr. President: Motion moved:

“That leave be given to introduce a Bill to repeal and amend certain provisions of the Indian Criminal Law Amendment Act, 1908, and the Code of Criminal Procedure, 1898.”

The motion was adopted.

Sir Hari Singh Gour: Sir, I introduce the Bill.

AMENDMENT OF STANDING ORDERS.

Mr. President: The next item on the paper is a motion by Mr. Rangaswami Iyengar for leave to amend the Standing Orders of the Legislative Assembly in the following manner:

"1. To sub-order (2) of Standing Order 4 the following further proviso be added, namely:

'Provided also that where Bills of which notices of motions for leave to introduce have been given, have been printed and circulated to the members, no fresh notice shall be necessary and such Bills shall have precedence in the order in which they stood on the last agenda of the previous session over other Bills of which notice may have been given.'

2. In Standing Order 6 for the words "Governor General" the words "President or the decision of the Assembly whenever it deems it necessary" be substituted.

3. Standing Order 7 be re-numbered as 7 (1) and to the said Standing Order the following sub-orders be added, namely:

(2) On days not previously appropriated for the transaction of Government business, non-official business not disposed of on the days allotted therefor, may be transacted in accordance with such agenda as may be settled by the President.

(3) On days when Government business terminates earlier than 4 P.M., pending non-official business may be transacted in accordance with the agenda that may be settled by the President for the remainder of that day.

(4) Whenever non-official business set down for any day is undisposed of, the President may adjourn the business of that day to be transacted on a day not already allotted for Government business.'

4. In sub-order (4) of Standing Order 8 for the word "five" the word "ten" be substituted.

5. In Standing Order 9 after the words "subsequent day", the words "allotted for the disposal of non-official business of the same class" be inserted.

6. In Standing Order 14:

(1) in sub-order (2) after the word "resolution" the word "question" be inserted; and

(2) after sub-order (2) the following sub-order be inserted, namely:

'(3) All questions that have been admitted shall be replied to by the member to whom they are addressed as to matters of fact or information asked for, unless the President in the exercise of his discretion decides to the contrary.'

7. To sub-order (1) of Standing Order 24, the following proviso be added, namely:

'Provided also that the Assembly may by a previous vote decide to continue the debate up to 7 P.M.'

8. In sub-order (2) (i) of Standing Order 20 after the word "heads" the words "and except in so far as their discharge of public duties is concerned" be inserted.

9. After clause (f) of the proviso to Standing Order 31, the following be inserted, namely:

'(g) a motion must not anticipate any question substantially identical with the one which has been appointed for consideration for a specific day or with reference to which a notice of motion has been previously given.

Explanation.—Notices of resolutions which have not obtained a place in the ballot for non-official business on any particular day shall not be deemed notices of motions in this behalf.'

10. In sub-order (3) of Standing Order 32 the words "and if the motion is moved by a non-official member, the member of the Government to whose department the matter relates shall have the right of speaking (whether he has previously spoken in the debate or not) after the mover has replied" be omitted.

[Mr. President.]

11. After Standing Order 73 the following new Standing Order be inserted, namely :

' 73-A. All non-official business not included under questions, Bills, resolutions, adjournment motions or the budget shall be brought up by motions of which not less than three days notice shall be given.'

12. For Standing Order 74 the following be substituted, namely :

' 74 (1) Motions involving communications from the Assembly to the Governor General on his address or message or on any subject of public interest, shall be made by formal address after motion made and carried in the Assembly.

(2) All such communications shall be made through the President.' "

I now ask whether any Member has any objection to leave being given to Mr. Rangaswami Iyengar. As no Member objects, I intimate that leave is granted.

House not committed to Principles of Amendments on Motion for Reference to Select Committee.

The Honourable Sir Alexander Muddiman (Home Member): Before Mr. Rangaswami Iyengar moves that the draft amendments be referred to a Select Committee, I would crave, Sir, your ruling on a point of order. What will this reference to Select Committee involve? I desire to make it perfectly plain that, if it involves any acceptance of any of these rules in principle which will prevent my subsequently contesting it in the full House, then I shall have to adopt a different method to the one which I shall adopt in the other event. If it involves no question of my being debarred from any kind of objection to the terms of the amendments, I shall not raise any opposition at this stage.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadian): May I point out, Sir, that, ever since the constitution of this Assembly, there have been several rulings given by your predecessor to the effect that, whenever a Bill or a motion is referred to a Select Committee, the House stands committed to its principle, and that no reference to a Select Committee is possible unless the House previously signifies its assent to the principle of a Bill. The Honourable the Home Member will bear me out.

Mr. President: The Honourable Member from Nagpur forgets the ruling of my predecessor that, when a motion that the proposed amendments to Standing Orders be referred to a Select Committee is accepted by the House, it does not commit the House to the principle involved in any of those amendments. It is no doubt true that, when a motion to refer a Bill to a Select Committee is accepted by the House, the House stands committed to the principle of that Bill. But, when a motion that amendments to Standing Orders be referred to a Select Committee is accepted by the House, it does not commit the House to any principle of any of those amendments.

(At this stage Mr. S. Srinivasa Iyengar stood up to speak.)

Mr. President: What is it?

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): I want to ask a question.

Mr. President: Is it on a point of order?

Mr. S. Srinivasa Iyengar: I want to ask whether the House cannot vote against any amendments made by a Select Committee. Supposing a Bill is passed. . . .

Mr. President: There is no question of a Bill in this case.

Mr. S. Srinivasa Iyengar: I am not dealing with this. You say, referring to ordinary Bills . . .

Mr. President: It has already been ruled, times out of number, that, when a Bill is referred to Select Committee, the House stands committed to the principle of that Bill.

Sir Hari Singh Gour: I beg to enquire if, in the case of the reference of amendments to Standing Orders to a Select Committee, the House is not committed to the principles of those amendments, to what is this House then committed?

Mr. President: To nothing except that the Standing Orders in question require some amendments. What those amendments should be is to be enquired into and reported upon by the Select Committee. This House is not to usurp the functions of the Select Committee.

Sir Hari Singh Gour: May I . . .

Mr. President: Order, order.

Sir Hari Singh Gour: I wish to ask a question.

I wish to ask whether it would be possible for the Select Committee to introduce and report to this House amendments entirely at variance with the amendments referred to it.

Mr. President: It is not necessary to give any ruling on the question now.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): In view of the ruling that you have given on the Honourable Sir Alexander Muddiman's question, I do not think I shall be justified in taking up the time of the House by discussing the principles of the amendments, and as the House is going to have an opportunity of discussing very fully the principles of these amendments when they emerge from Select Committee, I simply make my motion.

Mr. President: The question is that the proposed amendments be referred to a Select Committee.

The motion was adopted.

Mr. President: Mr. C. Durniswamy Aiyangar has a motion for leave to amend the Standing Orders of the Legislative Assembly in the following manner:

"1. For sub-order (1) of Standing Order 4 the following be substituted, namely:

'(1) All pending notices shall be carried over to the pending list of business for the next session.'

2. To Standing Order 16, the following proviso be added, namely:

'Provided that when the President resolves to disallow a question he shall previous to such disallowance give an opportunity to the member putting the question to show cause why his question should not be disallowed.'

[Mr. President.]

3. In sub-order (1) of Standing Order 32 for the first sentence the following be substituted, namely :

'As soon as a motion is made the President shall call upon members who have given notices of substantial amendments to move or not the amendments and thereupon other members may speak on the motion and the amendments in such order as the President may call upon them.'

4. In sub-order (3) of Standing Order 32, the words from "and if" to "replied" be omitted.

5. In Standing Order 39, to sub-order (2) the following clause be added, namely :-

'(c) or if the member in charge moves that the Bill be circulated for the purpose of eliciting opinions thereon, any member may move as an amendment that the Bill be referred to a select committee or be taken into consideration.'

6. To Standing Order 53, the following be added, namely :

'In respect of any of the points so referred for reconsideration any member may move an amendment in the same manner as amendments to the Bill are moved.'

7. In sub-order (2) of Standing Order 54, after the words "such day" the words "and in such order on the list of business" be inserted.

8. In sub-order (2) of Standing Order 56, for the words "shall be a member" the words "and the mover shall be members" be substituted.

9. In sub-order (2) of Standing Order 61, for the word "withdrawn" the words "not moved" be substituted and the following be added at the end, namely :—

'This shall not prevent any other member in whose name the same resolution stands from moving when he gets his turn.'

10. In sub-order (2) of Standing Order 70, the words "has been disallowed under the rules or these standing orders or" be omitted.

11. In Standing Order 72, for the words "to be considered" the words "taken for consideration" be substituted.

12. To Standing Order 74, the following sub-order be added, namely :

'Communications from the Governor General to the Assembly shall be made by a written message through the President or informally through a member of the Government.'

13. After Standing Order 74, the following new standing order be inserted, namely :

'74-A. Any message of the Governor General to the Assembly may be made the subject-matter of an address by the Assembly to the Governor General under Standing Order 74.'

14. The following new standing orders be inserted, namely :

'1. All resolutions of the Governor General or the Governor General in Council involving an expenditure not provided for in the current budget shall be communicated to the Assembly at least fifteen days before incurring the expenditure if the Assembly is in session then and at the next sitting of the Assembly in other cases.

On such communication to the Assembly it shall be competent for any member of the Assembly to bring a motion on two days' notice.'

'2. In voting of grants, any member may move that the demands be taken in a particular order for discussion and on taking the sense of the Assembly on such a motion the demands shall be put in the order which has been so assented to.'

Mr. President: Has any Member any objection to leave being granted to Mr. Durniswamy Aiyangar?

As no Member objects, I intimate that leave is granted.

Mr. C. Duraiswamy Aiyangar: Sir, I move that the proposed amendments be referred to a Select Committee.

The motion was adopted.

Mr. President: Perhaps it will be convenient if both these sets of amendments are referred to the same Select Committee. With your consent, therefore, I announce that one Select Committee will be appointed to deal with both sets of amendments.

** Election of Select Committee on Amendments to Standing Orders.*

Mr. President: I have to announce that nominations for the Select Committee on the amendments of Standing Orders will be received up to 12 Noon on Saturday, the 5th February, and the election, if necessary, will be held in this Chamber on Tuesday the 8th February. Under Standing Order 56(2) the Committee will be composed of the President, the Deputy President and seven members elected by the single transferable vote.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 2nd February 1927.

LEGISLATIVE ASSEMBLY.

Wednesday, 2nd February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

INACCURACY OF SIND ELECTORAL ROLLS.

249. ***Mr. Harchandrai Vishindas:** (a) Are Government aware that the electoral rolls of Sind for the Assembly were prepared with complete disregard of accuracy, many names being oft repeated and many omitted and those of persons long dead being inserted?

(b) Is it true that this defect was said to be due to want of establishment requisite for preparing the rolls and Government refused to sanction expenditure for such establishment though asked for?

(c) Do Government propose to remedy this drawback so as to ensure accuracy in future?

Mr. L. Graham: (a) and (b) Elections for Indian and Provincial Legislatures constitute a Provincial Subject and the Electoral Regulations assign the responsibility for the preparation of electoral rolls to officers of the Local Government. In these circumstances, the Government of India have no information regarding these parts of the question.

(c) The Government of India will forward the Honourable Member's question to the Bombay Government with a view to the taking by them of such action as they may consider to be appropriate.

INACCURACY OF BHAGALPUR, PURNEA AND SANTHAL PARGANAS ELECTORAL ROLLS.

250. ***Kumar Ganganand Sinha:** Are the Government aware of the fact that the electoral roll prepared for the Bhagalpur, Purnea and Santhal Parganas constituency of the Legislative Assembly is full of mistakes in descriptions and double entries? If so, how do Government propose to remedy the defects. If they do not propose to do anything in the matter will they state reasons for the same?

Mr. L. Graham: The Honourable Member is referred to the reply which I have just given to the last question. The Government of India will forward the Honourable Member's question to the Government of Bihar and Orissa with a view to the taking by them of such action as they may consider to be appropriate.

CONSTRUCTION OF MUZAFFARPUR-SITAMARHI RAILWAY.

251. ***Mr. Gaya Prasad Singh:** (a) With reference to my question No. 1066 of the 8th March, 1926, regarding the construction of a direct

Railway line between Muzaffarpur and Sitamarhi on the Bengal and North-Western Railway, are Government aware that in reply to a question in the Bihar and Orissa Legislative Council on the 25th July, 1921, the local Government stated that "the necessity for the proposed line has been brought to the notice of the Government by the Commissioner of the Division, and it has been included in the list of Railway projects recently prepared for early construction"?

(b) Are Government aware that in reply to a question in the Bihar and Orissa Legislative Council on the 17th August, 1926, the local Government laid on the table a "list showing in order of urgency, the new lines of Railways in Bihar and Orissa, which should take an early place in the programme of construction for the year 1927-28", and that in this list the proposed Muzaffarpur-Sitamarhi Railway, (Bengal and North-Western Railway) has been given the first place "to show its importance"?

(c) Will the Government be pleased to state what is the latest communication which they have received on this subject from the local Government, and from the Agent, Bengal and North-Western Railway, and also indicate what progress, if any, has been made towards the construction of the proposed Railway?

Mr. A. A. L. Parsons: (a) Yes.

(b) Yes

(c) No further communication has been received from the Government of Bihar and Orissa or the Agent, Bengal and North-Western Railway since the reply given to the Honourable Member's question No. 1066 of 8th March, 1926, regarding the railway in question.

INDIAN REPRESENTATION ON FIJI LEGISLATIVE COUNCIL.

252. ***Mr. Gaya Prasad Singh:** (a) Is it not a fact that out of twelve non-official seats in the Legislative Council of Fiji, only 3 seats are proposed to be provided for the representation of the Indian settlers, and that as many as 6 seats are to be given to the Europeans, who number only about 3,878, while the Indian population in the Colony is about 65,500?

(b) Is it a fact that the Indian Deputation to Fiji, as well as the Colonies' Committee strongly urged that the Indians should be conceded an equal number of seats in the Legislative Council, with the non-official European community, and that this view was accepted by the Government of India? If the answer be in the affirmative, will the Government be pleased to say why "they are prepared to acquiesce in the proposals" which seek to restrict the right of representation of the Indians in Fiji?

The Honourable Mr. J. W. Bhore: The answer to (a) and the first part of (b) of the question is in the affirmative. As the Honourable Member will observe from the correspondence which was published in the Government of India Resolution No. 24-Overseas, dated the 12th January, 1927, while the Government of India have not modified their opinion that the number of seats offered to Indians in the Fiji Legislative Council is inadequate, they consider that in the circumstances it was undesirable by continuing to press their full claim at the present juncture to cause further delay in the grant of increased representation to the Indian community and to incur the risk of the offer being withdrawn.

Mr. Gaya Prasad Singh: Is it not a fact that, before the appointment of the Indian deputation, the Fiji Government gave a pledge that the position of Indians in Fiji would in all respects be equal to that of any other class of His Majesty's subjects?

The Honourable Mr. J. W. Bhore: I must ask for notice of that question because it is essential that I should compare the actual words of the pledge given, if any.

Mr. Gaya Prasad Singh: Is it not in the *Fiji Royal Gazette* of 27th June, 1921?

The Honourable Mr. J. W. Bhore: I cannot say.

Mr. R. K. Shanmukham Chetty: Do Government propose to pursue this matter or have they acquiesced in the conditions?

The Honourable Mr. J. W. Bhore: If my Honourable friend had read carefully the correspondence that has been published, he would have seen that our acquiescence is for the present only. I do not expect my Honourable friend to acquiesce in the policy of take what you can get at once and ask for more at the proper time, but I can assure him that that appears to be the most practical policy.

Mr. R. K. Shanmukham Chetty: But when do they intend to pursue the matter and to press for more representation for Indians?

The Honourable Mr. J. W. Bhore: In due course, at the most seasonable and suitable opportunity.

APPOINTMENT OF PERMANENT AGENT OF GOVERNMENT OF INDIA IN FIJI,

258. ***Mr. Gaya Prasad Singh:** (a) Will the Government kindly state the reasons which led to the abandonment of the proposal to appoint a permanent Agent of the Government of India in Fiji, to look after the interests of the Indians?

(b) With regard to the question of the addition to the Fiji Government service of "an officer possessed of special Indian experience and language qualifications", will the Government kindly state the reasons as to why the appointment of such an officer is restricted only to "a retired officer of the Indian Civil Service"?

The Honourable Mr. J. W. Bhore: (a) If the Honourable Member will refer to the correspondence about the position of Indians in Fiji recently published, he will see that the proposal to which he refers was abandoned because the Colonial Office would not accept the necessity for such an appointment in view of the representation upon the Legislative Council now offered to Indians and in view of the fact that they have agreed to occasional visits to Fiji by authorised representatives of the Government of India.

(b) The appointment in question is not expressly restricted to a retired officer of the Indian Civil Service. The Colonial Office desired to obtain an officer possessed of special Indian experience and language qualifications who would be competent to act as special adviser to the Governor of Fiji on matters affecting Indians in the island. The Secretary of State evidently thought that such an officer might be available amongst retired officers of the Indian Civil Service.

**CONCESSIONS FOR OFFICERS OF INDIAN AND NON-INDIAN DOMICILE ON
STATE RAILWAYS.**

254. ***Mr. M. S. Sessa Ayyangar:** Will the Government be pleased to state :

- (a) whether, when the new scales of pay with overseas allowance were sanctioned for superior officers on State Railways in 1920, it was ruled that Indian officers already in service should get an increase of pay in lieu of and equal to overseas pay drawn by officers of Non-Indian domicile :
- (b) whether the above rule applies also to a cadre divided into grades or incremental scales of pay with separate scales of overseas allowance applicable to each grade ; and whether Indian officers already in service are to receive on promotion to higher grades, increase of pay in lieu of overseas allowance applicable to the respective grades ; and
- (c) whether on Company's Railways on which similar conditions prevailed, *i.e.*, on which Indian officers were appointed to the old grades on the understanding that no discrimination was to be made in respect of emoluments between officers of Indian and Non-Indian domicile, Indian officers are not as on State Railways entitled to increase of pay in lieu of the overseas allowance applicable to their grade or to the grades to which they may be subsequently promoted ?

Mr. A. A. L. Parsons: (a) New scales of pay with overseas pay were sanctioned in 1920 and 1921 for the Imperial Service of Engineers, and the Superior Revenue Establishment (excluding the Stores, Medical and Coal Departments) Indian Officers in service on the date of introduction of the new scales of pay were granted additional pay equivalent to the overseas pay : Engineer officers in service at the time who had been appointed by the Secretary of State in England were granted the overseas pay.

(b) On the introduction of the new scales of pay on the State Railways the division of the services into grades, where they existed, was abolished ; but, for appointments below the administrative ranks, a dual scale of basic pay based on the total length of service was introduced for District and Assistant Officers, overseas pay being the same for each class according to the length of service. There is no longer therefore any grade promotion of officers, either Indian or Non-Indian.

(c) Except the Burma Railways, on which special rates of pay were in existence, other Company-worked Railways were authorised to grant to their officers scales of pay and overseas pay not exceeding those granted to the State Railway Officers. Except the South Indian Railway all other Company-worked Railways, who were so authorised, adopted a dual scale similar to that referred to in clause (b) above. But the South Indian Railway while abolishing the grades amongst the classes of District and Assistant Officers, fixed separate rates of pay for the two classes.

On the South Indian Railway, Indian Officers, in service, on the date on which the new scales of pay were brought into force, were granted the equivalent of overseas pay admissible to their class, but as the acting

allowance rules of that Railway are more liberal than on the other Company-worked Railways the Board of Directors decided that it was not necessary to continue the additional pay on promotion to a higher class.

Mr. A. Rangaswami Iyengar: May I know whether the Government are satisfied with the arrangement that the South Indian Railway have made in giving effect to these concessions granted to them by the vote of this House which are just the same as have been given on the State Railways?

Mr. A. A. L. Parsons: May I explain? As I understand it, the objection taken to the action of the South Indian Railway by the Honourable Member and others is not in any way connected with the grant of the Lee Commission concessions. The objection is in regard to the provision which was made by the Board of Directors in, I think, 1921 when overseas pay was originally granted, that Indian officers, though they were given allowances equivalent to overseas pay, lost those allowances when they were promoted to higher rank. The grounds on which the Board of Directors decided that allowances should not be continued to any officer in the service when promoted to a higher rank were that their acting allowance rules were more liberal than those of other railways. It is not a matter in which it is possible for the Government of India to interfere with the discretion of the Board of Directors in dealing with their establishments.

Mr. A. Rangaswami Iyengar: Is it not a fact that the expenditure which the South Indian Railway incurs in working expenses on account of these rates of pay will directly come into the question of the division of the profits between the State Railway and the Government?

Mr. A. A. L. Parsons: I am afraid I have not quite caught the Honourable Member's question.

Mr. A. Rangaswami Iyengar: Is it not the case that the working expenses of the South Indian Railway in respect of these establishments is a matter which directly affects the return and the division of profits between that Company and the Government?

Mr. A. A. L. Parsons: Yes, Sir.

Mr. A. Rangaswami Iyengar: Then is it not the duty of the Government to see that in the matter of working expenses the establishment is justly dealt with?

Mr. A. A. L. Parsons: It is a question of the contractual relations between the Government of India and the Company.

DEPRIVATION OF INDIAN OFFICERS ON SOUTH INDIAN RAILWAY OF ADMISSIBLE CONCESSIONS.

255. ***Mr. M. S. Sesha Ayyangar:** Will the Government be pleased to state:

- (a) whether it is a fact that on the South Indian Railway, the Indian officers are denied the additional pay referred to in the preceding question, though both their own Chief Auditor and the Government Examiner of Accounts have advised against this action;

- (b) whether it is a fact that in the statement of Lee concessions which the Government of India sanctioned to the South Indian Railway and which the Home Board of that Railway accepted in their entirety, it is stated that existing Indian officers are to get the scales of pay, overseas pay, etc., but future entrants are to receive basic pay only, and
- (c) whether it is a fact that in spite of the above, the South Indian Railway still deny to their Indian officers, what they are entitled to, under existing orders and under the undertaking given by them and referred to in part (a) above?

2. If the answer to part 1 (c) above is in the affirmative, are the Government of India prepared to insist on the South Indian Railway to rectify at once the injustice meted out to the Indian officers with retrospective effect from the date the Lee concessions came into force?

Mr. A. A. L. Parsons: (a) I would refer the Honourable Member to my reply to part (c) of his previous question

Government have no information about the views held by the Chief Auditor and Government Examiner of Accounts of the South Indian Railway.

(b) When the concessions recommended by the Lee Commission were extended to the officers of the South Indian Railway, it was ordered that the existing incumbents of Asiatic domicile should continue to draw the pay and allowances admissible to them under rules in force at the time. The question of granting such officers any overseas pay did not arise.

(c) Does not arise nor does point 2 of the question.

INADEQUATE RECRUITMENT OF MINORITIES TO AUDIT AND ACCOUNTS OFFICES.

256. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to state:

- (i) the total permanent strength of accountants and senior accountants separately and the number of the Musalmans permanently employed as such in each of the Civil, Military, Railway and Post and Telegraph Accounts, and Audit Offices respectively;
- (ii) the methods of recruitment to the above posts in the various offices; and
- (iii) the measures, if any, taken to secure the appointment of minorities, in pursuance of the Government of India, Home Department memorandum on the subject?

(b) Do Government propose to reserve at least $\frac{1}{3}$ of the posts mentioned in part (a) above with a view to adjust the claims of minorities as is done in the case of several other All-India services to which recruitment is made by means of competitive examinations, e.g., the Indian Civil Service and the Indian Audit and Accounts Service?

INADEQUATE RECRUITMENT OF MINORITIES TO AUDIT AND ACCOUNTS OFFICES.

257. ***Maulvi Muhammad Yakub:** (a) Are Government aware that the number of the Musulman accountants and senior accountants in the various

Audit and Accounts offices is extremely small, and that, for instance, on the Railway Audit side there are only 8 Musulmans out of 122 accountants?

(b) Are Government aware that this position is the natural consequence of unequal and inadequate recruitment of the Musulmans in the direct grades from which accountants are generally recruited?

(c) Will the Government be pleased to state what action it proposes to take:

(i) to ensure the recruitment of an adequate number of the Musulmans to the clerical posts; and

(ii) to ensure recruitment of an adequate number of Musulmans as accountants, both from departmental men and from amongst the outsiders?

RESTRICTION OF CLERICAL APPOINTMENTS TO FIRST DIVISION MATRICULATES BY CHIEF AUDITOR, NORTH WESTERN RAILWAY.

258. ***Maulvi Muhammad Yakub:** (a) Are Government aware that the Chief Auditor, North Western Railway has for some years past restricted appointments to clerical posts only to those matriculates who have passed in the 1st Division, exception being made in the case of men who can bring strong recommendations?

(b) Are Government also aware that no such restriction exists in any of the offices under the Government, when the starting pay is so low as Rs. 39 per mensem?

(c) If the answer to the above is in the affirmative, do Government propose to instruct that officer to remove the restriction?

PROPORTION OF MUSSALMANS IN CHIEF AUDITOR'S OFFICE, EAST INDIAN RAILWAY AND EASTERN BENGAL RAILWAY.

259. ***Maulvi Muhammad Yakub:** Will the Government be pleased to state the *permanent* sanctioned strength of Assistant Superintendents, sub-heads, clerks, classes I and II separately, and the number of Musulmans *permanently* holding each of these posts, separately, in the office of the Chief Auditor, East Indian Railway and Chief Auditor, Eastern Bengal Railway?

MUSSALMAN AS EXAMINER FOR ACCOUNTS EXAMINATION.

261. ***Maulvi Muhammad Yakub:** Will the Government be pleased to state if any Mussulman has ever been appointed as examiner for accounts examinations held for the recruitment of accountants?

The Honourable Sir Basil Blackett: I propose to reply to questions Nos. 256 to 259 and 261 together.

The information required by the Honourable Member is being collected and will be furnished to him as soon as possible.

PROPORTION OF MUSSALMANS IN DIVISIONAL SUPERINTENDENT'S OFFICE AND DIVISIONAL AUDIT OFFICE, NORTH WESTERN RAILWAY.

260. ***Maulvi Muhammad Yakub:** (a) Will the Government be pleased to state separately the total number of appointments made to the clerical establishment of the Divisional Superintendent's office and the Divisional

Audit Office of the North Western Railway at Delhi from April 1925 up to date, giving the number of non-Muslims and Muslims separately and the province to which each of them belongs?

(b) Is it a fact that during the last one year and a quarter about 15 clerks have been appointed in the Divisional Superintendent's Office, Delhi and that all of them are Bengalee Hindus?

The Honourable Sir Charles Innes: (a) and (b). With regard to appointments in the Clerical Establishment of the Divisional Superintendent's Office and Divisional Audit Office, Delhi, the Honourable Member is referred to the reply given to a similar unstarred question No. 3 asked by him on the 27th January last. I will enquire and let him know whether the facts are as stated in the second part of the question.

BETTER POLICE SUPERVISION FOR NEW DELHI.

262 ***Maulvi Muhammad Yakub:** (a) Is the statement published in the *Hindustan Times*, dated the 21st January, 1927, on the first page to the effect that dacoits and assassins are having the upper hand in New Delhi, that the inhabitants in the new city are living in perpetual fear and that the honour of their families as well as their property are in imminent danger, substantially correct?

(b) If so, what steps do Government propose to take immediately in order to safeguard the honour, lives and property of the inhabitants of the new capital?

(c) Do Government contemplate the posting of a strong armed police force on patrol duty in Raisina specially at night?

The Honourable Sir Alexander Muddiman: The Honourable Member is referred to the reply which I gave to question No. 224 yesterday.

PROHIBITION OF ARTIFICIAL GHEE FOR THE ARMY.

263. ***Pandit Thakar Das:** (a) Will Government be pleased to state if His Excellency the Commander-in-Chief has been pleased to prohibit the use of artificial ghee for the Army?

(b) If the answer to part (a) is in the affirmative, will Government be pleased to state the reasons for doing so?

Mr. G. M. Young: (a) The answer is in the affirmative.

(b) The attention of the Honourable Member is invited to the statement made by His Excellency the Commander-in-Chief on the 23rd August last in the Council of State in reply to question No. 43.

LUGGAGE CONCESSION ON THIRD CLASS TICKET.

264. ***Pandit Thakar Das:** (a) Will Government be pleased to state in what year the quantity of 15 seers luggage free per one third class ticket was fixed for the first time in India?

(b) Is this quantity not uniform all over the railways in India?

Mr. A. A. L. Parsons: (a) It is not possible to ascertain how long ago the quantity of luggage allowed free per 3rd class ticket was fixed at 15 seers. It was over 30 years.

(b) Yes, with the exception of a few Railways which allow 20 seers by mail train.

GRIEVANCES OF SUBORDINATE EMPLOYEES OF THE BENGAL NAGPUR RAILWAY.

265. ***Mr. M. K. Acharya:** (a) Has the attention of Government been drawn to the serious discontent among the workmen and subordinate employees of the Bengal-Nagpur Railway?

(b) Is it a fact that the discontent is alleged to be due to the main causes—namely, insecurity of service, insufficiency of wages, and ill-treatment by the supervising staff?

(c) What steps are being taken to find out how far these grievances are well-founded, and how they may be satisfied?

(d) Is it a fact that a large number of labourers from the Khargpur workshops, and a number of Station Committee chowkidars have been recently dismissed in an arbitrary manner, and that appeals made to the officers concerned have not yet been seriously considered?

The Honourable Sir Charles Innes: The Honourable Member has no doubt seen the very full press communiqué published by the Agent on January 23rd last. If he has not, I will gladly show him a copy of it.

Mr. N. M. Joshi: May I ask, Sir, what steps the Government of India propose to take to make enquiries into this matter?

The Honourable Sir Charles Innes: I have already discussed the matter fully with the Agent of the Bengal-Nagpur Railway and I am entirely satisfied that he has taken a very reasonable and conciliatory attitude in regard to the matter.

Mr. N. M. Joshi: May I ask, Sir, what is the remedy for those workers who are not satisfied with the Agent's decision so that their grievance may be considered by an impartial body?

The Honourable Sir Charles Innes: They can resign their appointments, Sir.

INADEQUATE PAY OF THE LOWEST STAFF ON BENGAL NAGPUR AND SOUTH INDIAN RAILWAYS.

266. ***Mr. M. K. Acharya:** (a) Is it a fact that the pay of the lowest workers in the Bengal Nagpur workshops ranges from Rs. 11 to Rs. 15 per month, and of the lowest clerical staff from Rs. 20 to Rs. 28?

(b) Is it a fact that on the South Indian Railway similarly the starting-pay of clerks ranges from Rs. 15 to Rs. 20 only?

(c) Have Government considered whether the above scales are sufficient to maintain the families of the men concerned?

The Honourable Sir Charles Innes: (a) The minimum rates of pay of the lowest paid non-skilled workers in the Bengal Nagpur Railway workshops are Rs. 9 a month for women and boys and Rs. 13/8/0 a month for men. The minimum pay of the lowest paid clerical staff is Rs. 28 per mensem.

(b) The starting pay of junior clerks on the South Indian Railway is Rs. 20/8/0 per mensem. Revision of this rate is under the consideration of the South Indian Railway Company.

(c) The Government have no reason to think that the scales of pay on the Bengal Nagpur Railway are insufficient, but they understand that the Agent has undertaken to examine cases where for special reasons the minima may be considered low.

Mr. N. M. Joshi: May I ask, Sir, on what principle the minimum rates of pay of railway servants are fixed?

The Honourable Sir Charles Innes: Perhaps the best answer I can give the Honourable Member is that we can get, for every vacancy we have on the railway, a great many applicants.

Mr. N. M. Joshi: May I ask, Sir, whether the Government of India will not get, for high salaries, people for the superior services, if they advertise for them?

The Honourable Sir Charles Innes: I do not think that question arises, Sir.

Mr. Jamnadas M. Mehta: Does the Honourable Member regard Rs. 9 as a human wage for any human being in this country?

The Honourable Sir Charles Innes: I imagine, Sir, that a very large proportion, at any rate of the agricultural workers in this country, get a great deal less than Rs. 9 a month.

Mr. Ohaman Lall: Does the Honourable Member consider that a living wage, or a just wage, for any worker?

The Honourable Sir Charles Innes: The answer is that a great many people live on that wage.

Mr. Ohaman Lall: But does the Honourable Member consider that an honest, a just and a proper wage to give any worker?

The Honourable Sir Charles Innes: The Honourable Member is entitled to ask me questions of fact, not of opinion.

Mr. Ohaman Lall: May I ask the Honourable Member, Sir, whether he himself has ever tried to live on Rs. 9 a month?

ACTION ON INDIAN TRADE UNION ACT.

267. ***Mr. M. K. Acharya:** When do Government propose to bring the Indian Trade Union Act into operation? Have any Registrars of Trade Unions as contemplated in the Act been appointed in any province? What steps do Government propose to take to put into effect the provisions of the Act for affording facilities for the organisation and registration of Trade Unions in India?

The Honourable Sir Bhupendra Nath Mitra: As regards the first part of the question, the attention of the Honourable Member is invited to the reply given to a similar question asked by Mr. V. V. Jogiah on 31st January last. The Government of India have no particulars of the appointment of Registrars but they will draw the attention of Local Governments to the necessity of appointing Registrars before the Act is brought into force. All the provisions of the Trade Unions Act will become operative on the issue of the notification required by section 1(8) of the Act.

GOVERNMENT ACTION RE TANJORE DISTRICT BOARD RAILWAY EXTENSIONS.

268. ***Mr. A. Rangaswami Iyengar:** 1. Will the Government be pleased to state whether they have examined the legal position as regards the

right of the Government of India to terminate the ownership of the Tanjore District Board of:

- (a) the Mayavaram-Mutupet section of the Tanjore District Railway which was originally owned jointly by that Board and the Local Government and which is being subsequently solely owned by that Board after payment in full to that Local Government of the price for the half-share owned by it;
- (b) the extensions of the said line to Arantangi, Vedaraniyam and the Nidamangalam-Manangudi section constructed wholly out of the funds of the Board under the Branch line terms; and
- (c) the Mayavaram-Tranquebar line just constructed, for which a concession had been granted to the Board and capital had been advanced by the Board for such construction?

2 Will the Government be pleased to say whether any agreement has actually been executed in terms of the concession with special reference to the purchase clause of the Branch line terms in respect of the above extensions? If not, is it proposed to enforce the purchase clause legally or equitably?

3. Have the Government given notice to the Board of their desire or intention to use the purchase clause? If so, is it the special purchase clause or the ordinary purchase clause that is contemplated to be used?

4. Will the Government be pleased to state whether it is not a fact that when the Madras Government was asked to insert a purchase clause for the first time when sanction was asked for the construction of the extension, it gave an assurance to the Madras Government that under ordinary circumstances it was not intended to enforce this clause, and asked that Government to obtain the assent of the District Board to it in respect of the construction and working of that extension?

5. Will the Government be pleased to state whether it is not a fact that the South Indian Railway Company repeatedly desired them to use their power of purchase against the District Board to compel its concurrence to a scheme for the absorption of its profitable lines into the system of the main line company and whether similar efforts are being made now at the instance of the Railway Board?

Mr. A. A. L. Parsons: 1, 2, 3 and 5. No

4 No. The facts are that, when the Government of Madras in 1898 proposed that the District Board of Tanjore should be allowed to raise funds for the construction of certain extensions of the Mayavaram-Mutupet Railway, the Government of India informed them that they were prepared to recommend to the Secretary of State that the extension of the Tanjore District Board Railway to Avadavarkoil should be undertaken by the District Board, the Government of India reserving the right to take over the extension at any time on 12 months' notice by assuming any liabilities in the form of debentures which the Board might have undertaken in order to raise the money, and on repayment of any further amounts which the Board might have spent out of the balances at their disposal. The Madras Government was told that it was not intended to enforce this condition under ordinary circumstances for a period of 20 years at least, but in the progress of railway construction a time might arrive when it would become inconvenient to maintain a short line of this kind as a separate

interest, and it was necessary for the Government of India to reserve the power of extinguishing this separate interest if at any time it became, in their judgment, inexpedient to maintain it. Subsequently in 1900 it was proposed to allow the Tanjore District Board to acquire the Madras Government's share in the Mayavaram-Mutupet Railway itself on similar conditions, and these conditions were accepted both with regard to the original Mayavaram-Mutupet line and its subsequent extensions by the Tanjore District Board.

Mr. K. V. Rangaswami Ayyangar: Am I to take it, Sir, that the Government of India's sanction was sought in the year 1900 to the making over of the Madras Government's share in the Tanjore District Board Railway and that the Government of India reserve to itself the power of purchase at that time?

Mr. A. A. L. Parsons: That is so, Sir.

GOVERNMENT ACTION RE TANJORE DISTRICT BOARD RAILWAY EXTENSIONS.

269 ***Mr. A. Rangaswami Iyengar:** Will the Government be pleased to lay on the table of the House:

- (a) all the correspondence between the Local Government, the Railway Company and the Railway Board on the subject of the Tanjore District Board Railway extensions and the proposals for forcibly buying up this Railway system?
- (b) all the correspondence between the Local Government, the Railway Company and the Railway Board regarding the revision of the working contracts for the working of District Board lines in Madras and the attempt to use the right to terminate the working contract as a means of 'peaceful persuasion' on the boards to part with their lines?

Mr. A. A. L. Parsons: (a) Government are not prepared to lay the correspondence on the table, but I place on the table a statement giving a resume of the events which led up to our recent negotiations with the Tanjore District Board and a copy of a memorandum containing the offer which I made on behalf of the Government of India to the District Board when I met them last November. We have not yet heard whether they have accepted this offer, which remained open until the 31st of January, and until we do so, it is not proposed to consider whether we should take action to acquire the District Board Railway in accordance with the conditions accepted by the District Board at the time its construction was entrusted to them, as mentioned in my reply to the Honourable Member's previous question.

(b) Government are not prepared to lay the correspondence on the table, but I should like to explain that there is no ulterior motive of inducing the District Boards in Madras to part with their lines, underlying the revision of the working terms of some of the District Board lines in Madras. The position is that the present working terms in some instances do not give to the working agency a sufficient proportion of the gross earnings to cover the expenditure actually incurred in working the lines, and it is therefore necessary to revise them. Any revision must of course lower the profits which the District Boards concerned at present derive from their lines, and is therefore unpalatable to them. The Government of India are therefore considering whether, in order to meet the wishes

of the District Boards, they should not offer them the option of transferring the ownership of their railways to the Government of India and accepting in lieu an investment in the South Indian Railway undertaking as a whole, much on the lines of the offer which I made to the Tanjore District Board.

Statement giving a resumé of the events which led up to the recent negotiations with the Tanjore District Board for the transfer of the Tanjore District Board Railway to the Government of India.

1. Early in 1923 the Railway Board learnt that the then Agent of the South Indian Railway, in dealing with the proposals for the development of railway communications in Southern India, which included the construction of an extension of the Tanjore District Board from Arantangi to Karaikudi as an integral part of the South Indian Railway, had pointed out that this proposal would raise very troublesome short-circuiting and routing controversies, and suggested that Government should take over the whole of the Tanjore District Board Railway. In October, 1923, the Government of India consulted the Madras Government on that proposal, and in June, 1924, they learnt that the District Board were not in favour of it, but that the Madras Government supported it on grounds of public policy. In July, 1925, the Financial Commissioner, Railways, met the Madras Government and the Chairman of the Tanjore District Board, and in order that the District Board should not be the loser by parting with its railway, while at the same time the difficulties which stood in the way of the construction of the Arantangi-Karaikudi link should be overcome, put forward tentatively the proposal which, with the approval of the Government of India and the Secretary of State, has now definitely been offered to the District Board and is contained in the memorandum discussed with the District Board, a copy of which is also laid on the table.

Memorandum prepared by Mr. A. A. L. Parsons, C.I.E., I.C.S., Financial Commissioner, Railways, for discussion with the Tanjore District Board.

It is, I think, unnecessary for me to recapitulate the previous history of the negotiations for transferring the ownership of the Tanjore District Board Railway from the District Board to the Government of India. This proposal arose, as is known, because the Railway Board are anxious as an important item in their policy of developing railway communications in Southern India, to construct a line from Arantangi via Karaikudi to Manamadurai, thereby converting the railway from Mayavaram to Arantangi into a through route. Since my predecessor met the Madras Government and the President of the Tanjore District Board on this question, this project has been fully worked out and examined; and now the only obstacle to its immediate inception is that the negotiations with the Tanjore District Board for the transfer of their railway have still to be completed. It is in the hope that we may be able to bring them to a mutually agreeable conclusion, and because I can now put in concrete terms for the consideration of the District Board a suggestion made by Mr. Sim fifteen months ago, that I should welcome an opportunity of meeting them during my present visit to the Madras Presidency.

2. In putting this proposal to them, I wish to make it clear that both the Government of India and the Railway Board fully recognize the obligations which the Railways in Southern India owe to the enterprise of the Tanjore District Board in having—as pioneers among the District Boards, I believe—raised substantial sums for the development of railway communication in their district; and they also realize that in doing so the Board looked forward quite properly and prudently to obtaining a sound financial investment for these funds. It is because of this that the Government of India and the Railway Board have been at pains to seek a solution which will not deprive the District Board of the fruits of their successful enterprise.

3. The definite offer which I have to make is as follows :

- (i) The ownership of the Tanjore District Board Railway should be transferred to the Government of India.

- (ii) The capital expenditure on the railway on the date of transfer of ownership should be brought into the accounts of the South Indian Railway undertaking as capital of the District Board, and should rank equally with the Secretary of State's capital and the South Indian Railway Company's ordinary capital for the purposes of dividends: that is to say the District Board will receive on its capital an annual return at the same rate as the annual return which the South Indian Railway receives on its ordinary capital.
- (iii) It is necessary to stipulate that the District Board will not part with its interest or any part of its interest in the South Indian Railway line except to the Government of India. The position will be as follows. The District Board will be under no obligation to sell its interest in the line at any time, nor will the Government of India be under any obligation to buy it; but if they mutually agree to a transfer of the interest in the line to the Government of India, the terms of the transfer will ordinarily be based on the average return received during the three preceding years by the District Board on its capital as contrasted with the rate at which the Government of India is borrowing at the time of purchase. For example, if the average return to the District Board had been 7 per cent. and the Government of India rate of borrowing 5 per cent., the purchase price will be the equivalent of $1\frac{2}{5}$ ths of the capital of the District Board.
- (iv) The South Indian Railway Company are guaranteed a minimum dividend of $3\frac{1}{2}$ per cent. per annum. It is not in the least likely ever to come into play, but, if the District Board of Tanjore so desires, the Government of India are willing to extend this guarantee to their capital.

4. The District Board will naturally wish to know what the results to them of accepting this offer are likely to be. I give them for the last five years in the following table:

Year.	Capital outlay.	Net receipts of the Tanjore District Board.			Return on capital.		
		Actual.	On the basis of the return received by the South Indian Railway Company.	Difference.	Actual.	On the basis of the return received by the South Indian Railway Company.	Difference.
	Rs.	Rs.	Rs.	Rs.	Per cent.	Per cent.	Per cent.
1921-22	66,55,431	2,80,841	3,17,465	+ 36,624	4.22	4.77	+ .55
1922-23	67,02,879	3,41,502	3,69,329	+ 27,827	5.09	5.51	+ .42
1923-24	67,11,909	5,71,058	5,47,629	-23,366	8.51	8.16	-.35
1924-25	67,72,018	5,65,711	5,68,248	+ 2,037	8.35	8.39	+ .04
1925-26	68,05,241	5,15,393	5,61,432	+ 46,039	7.57	8.25	+ .68

In 1923-24 cyclone damage caused the diversion of a considerable amount of traffic over lines in the Tanjore District, which normally they would not receive, thus fortuitously increasing the net receipts of the District Board and reducing those of the South Indian Railway. Apart from this year, the Tanjore District Board would have been better off by about Rs. 28,000 a year on average had they participated in the earnings of the South Indian Railway as a whole on the terms proposed instead of getting only the net receipts of their own lines.

5. The President and members of the District Board will, I venture to hope, realize that under this offer there is no question of their being asked to part with their line for book value instead of what may be called market value. For it will entitle them to transfer at par from their existing investment into an investment which, as the figures above show, holds out the prospect of an improved return of between one-third and half per cent. with smaller chances of fluctuation owing to the wider area covered. And at the same time it secures to them at least the full market price and if anything more than the full market price, for their investment, should it some day in the future be agreed to transfer it to the Government of India. For the real effect of the proposal described in paragraph 3 (iii) of this memorandum is to allow the capital invested by the District Board in the South Indian Railway to be treated, for purposes of transfer, as the equivalent in safety, etc., of securities of the Government of India. This is not the view taken by the market.

6. There is one other matter which also requires settlement. The District Board have spent about 4 lakhs—I do not know the exact figure—on the Mayavaram-Tranquebar Railway; the remaining capital expenditure on this line has, for the time being, been put up by the Government of India, pending a settlement of the general question. I am ready to allow the District Board to increase their investment in the South Indian Railway undertaking by an amount not in excess of either of the following limits, should they wish to do so—

- (i) The accumulated balance of their Railway Cess fund on the date on which ownership of their existing lines is transferred to the Government of India;
- (ii) the capital cost of the Mayavaram Tranquebar Railway.

Alternatively the sum already supplied by the District Board could be returned to them with interest thereon from the date or dates on which it was advanced at the rate or rates at which the Government of India were then borrowing.

A. A. L. PARSONS,
Financial Commissioner, Railways.

MADRAS,
13th November, 1926.

Mr. A. Rangaswami Iyengar: How would my Honorable friend describe it? Is it peaceful persuasion or is it coercion that is proposed by which these district boards are asked to hand over the railway?

Mr. A. A. L. Parsons: I should describe it, Sir, as a fair business offer.

Mr. A. Rangaswami Iyengar: May I know whether the Government will be prepared to give me access to the correspondence on this matter, so that I may know exactly what the position is now?

Mr. A. A. L. Parsons: I am quite prepared to show the Honourable Member any correspondence on the subject that he wants to see. There is nothing secret about it at all, and it appears to have been the subject of a good deal of misapprehension.

DISTRICT BOARD FEEDER RAILWAY OR TRAMWAY DEVELOPMENT.

270. ***Mr. A. Rangaswami Iyengar:** (a) Will the Government be pleased to state whether any attempt has been made either by itself or by local Government to lay down a policy or offer any expert or financial assistance to local Boards in the construction of "light feeder railways and extra-Municipal tramways", which are among the specific functions assigned to them under the Devolution Rules to be dealt with by provincial legislation promoted in this behalf, and when ministries in local Governments were encouraged or discouraged in the initiation of any such policy?

(b) Will the Government be pleased to state whether all or any of these aspects of District Board Feeder Railway or Tramway development were ever brought before the Standing Railway Finance Committee or the Central Railway Advisory Committee at any time?

(c) Will the Government be pleased to state whether they propose to bring up all the questions now under discussion in regard to the District Board Railways in Madras before this Committee and before the Assembly for its approval before taking any decisions on the matter?

Mr. A. A. L. Parsons: (a) and (b). The policy of the Government of India with regard to light feeder railways is laid down in their Railway Department's Resolution No. 2131-F., dated the 19th February, 1925, which was issued after consultation with the Central Advisory Council. I would particularly invite the Honourable Member's attention to paragraphs 12 to 15 of that resolution. As he is aware, light feeder railways and extra municipal tramways are provincial transferred subjects; and it would not be proper for the Government of India to take the initiative in laying down the policy for their construction by Local Boards, for that would involve interference with the duties and responsibilities of the Ministers of the various provinces. On the other hand they, and the Railway Board, will always be prepared to give advice both with regard to any individual project or with regard to the general development of light railways if they are asked to do so. So far they have received no such request. They do not know whether any Provincial Government has hitherto laid down any policy in the matter.

(c) If it is proposed to proceed with the transfer of the Tanjore District Board Railway to the Government of India, the matter will be laid before the Standing Finance Committee for Railways. That Committee will also be consulted when, and if, proposals are put forward for the transfer to the Government of India of any other District Board line in Madras.

Mr. A. Rangaswami Iyengar: Am I to understand, Sir, that no ministers under the dyarchic scheme have availed themselves of these provisions in regard to the development of feeder railways and tramways, or submitted any proposals about these to the Government of India?

Mr. A. A. L. Parsons: Not that I can remember, Sir; but I cannot be quite certain.

LAND REVENUE LEGISLATION IN THE PROVINCES.

271. ***Mr. A. Rangaswami Iyengar:** (a) Will the Government be pleased to state whether there are any provinces, and if so, which, in which land revenue legislation, in accordance with the recommendations of Parliamentary Joint Committee, has been completed?

(b) Will the Government be pleased to say whether they have yet any intention of carrying out fully these recommendations or any desire of fulfilling all the instructions expressed by the Parliamentary Committee of 1919 in this behalf?

(c) Will the Government be pleased to state whether the degree to which this recommendation has not been carried out will form the subject of inquiry by the Statutory Commission?

(d) Will the Government be pleased to state whether it is true that the Government of India have twice returned the proposals of land revenue legislation sent up by the Madras Government and refused to sanction them in the form sent up? If so, will they make a statement as to why this was done, and also state what exactly is the policy which they want to lay down for provincial Governments in this matter?

(e) Will the Government be pleased to state whether there are any rules or instructions of the Secretary of State which have to guide them and the local Governments in the matter; whether there has been any correspondence between themselves and the Secretary of State on this matter; and if so, whether they will lay the rules, instructions or correspondence, as the case may be, on the table of the House?

(f) Will the Government be pleased to state whether they have considered or asked the Local Governments to consider recommendations of the Taxation Enquiry Committee in connection with this matter? If not, whether they propose to do so?

The Honourable Mr. J. W. Bhore: (a) Legislation on the subject is pending in certain provinces, but none of the Bills introduced in the local legislatures have yet been passed into law

(b) The Honourable Member is referred to my answer to part (c) of his question No. 594, asked in the Assembly on the 2nd February, 1926.

(c) Government are not yet in a position to state what matters will be referred to the Commission under section 84-A. of the Government of India Act, to the terms of which I invite the Honourable Member's attention.

(d) The Government of India are not prepared to disclose the nature of the communications that have passed between them and the Government of Madras on the subject of Land Revenue legislation. With regard to their general policy in the matter, the Honourable Member's attention is invited to Sir Montagu Butler's answer to his question No. 524, dated February 26th, 1924, in this House.

(e) The Honourable Member is referred to the interpellations on the subject in the Assembly on 26th February, 1924, 8th March, 1924, and 6th June, 1924, and to the replies given.

I have nothing further to add

(f) The Government are considering the recommendations of the Taxation Enquiry Committee on the subject and will address the Local Governments at an early date.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether the Government of India is likely to come to any conclusions on the question of this land revenue legislation in the Madras Presidency or in any other province and whether they see any prospect of any land revenue legislation being completed this year?

The Honourable Mr. J. W. Bhore: At the present moment I may inform my Honourable friend that, as far as I know, there is no reference from any Local Government pending with the Government of India

Mr. A. Rangaswami Iyengar: Is it not the case that the question of land revenue legislation in the Madras Presidency is still pending with the Government of India?

The Honourable Mr. J. W. Bhore: Not to my knowledge, Sir

Mr. M. S. Aney: May I ask the Honourable Member whether the Berar Land Revenue legislation has been submitted to the Government of India after it has been passed there and is it not pending before the Government of India?

The Honourable Mr. J. W. Bhore: Not to my knowledge.

Mr. M. S. Aney: Will the Honourable Member make further inquiries and give a reply?

The Honourable Mr. J. W. Bhore: Will the Honourable Member put down a question?

Mr. A. Rangaswami Iyengar: May I take it that the Government of India do not propose to take any further action in respect of the initiation of land revenue legislation in any province?

The Honourable Mr. J. W. Bhore: I have already explained to my Honourable friend, in reply to the questions which he has previously asked, that the Government of India have taken all the action they could possibly be expected to take in this matter.

Mr. A. Rangaswami Iyengar: And they do not propose to take any more?

The Honourable Mr. J. W. Bhore: They have brought the recommendations of the Joint Committee to the notice of every Local Government and asked them to take action as soon as possible.

Mr. A. Rangaswami Iyengar: Therefore they do not propose to take any more action?

The Honourable Mr. J. W. Bhore: What further action can the Government of India take?

Mr. A. Rangaswami Iyengar: If the Provincial Governments do not take the necessary steps for legislation, is it not the duty of the Government of India to see that they do so?

The Honourable Mr. J. W. Bhore: I do not see how the Government of India can issue peremptory orders.

Mr. M. R. Jayakar: May I inquire, Sir, what steps have been taken by the Bombay Government to carry out the terms of the Resolution passed in this connection in the Bombay Legislative Council?

The Honourable Mr. J. W. Bhore: I am afraid I cannot give a reply to my Honourable friend; I must have notice of that question.

CHANGES IN THE RULES OF THE ASSEMBLY AND PROVINCIAL LEGISLATURES.

272 ***Mr. A. Rangaswami Iyengar:** (a) Will the Government be pleased to make a statement showing all the changes in the Legislative Rules of the Assembly and the Provincial Legislatures since the new legislatures were assembled in 1921?

(b) Will the Government be pleased to state whether the Presidents of the legislatures concerned or the Presidents' Conference were consulted as to the propriety and desirability of these changes in each case and which of whom approved or disapproved of these proposals?

(c) Will the Government be pleased to state whether and if so, how many of these alterations were brought into effect without complying

with the requirements of the proviso to section 129-A. (3) of the Government of India Act? If so, what was the urgency or other cause for the course adopted?

(d) Will the Government be pleased to state whether there has been any case or cases and if so, what cases, in which the Government of India satisfied the requirement of previous parliamentary presentation in respect of statutory rules under the Act, ever since the Reforms have been in operation?

(e) Has there been any case or cases so far of any Legislative Rules being enacted after consultation of the Houses affected by these rules? If so, what are the cases, and also what are the cases in which Legislative Rules have been promulgated and maintained in force.

(i) without such consultation, and

(ii) in defiance of the expressed intentions of the legislatures concerned?

Mr. L. Graham: (a) Two statements, relating respectively to the Indian Legislative Rules and the Provincial Legislative Council Rules, are laid on the table.

(b) The Government of India have on occasion informally consulted the Presidents of the two Chambers of the Indian Legislature with reference to proposed amendments of the Indian Legislative Rules and have received very valuable assistance. They are not prepared to tabulate the results of such consultations. They have not consulted the Presidents of local Legislative Councils with reference to proposed amendments of the Provincial Legislative Council Rules, but it is possible that Local Governments have done so. The Government of India have never consulted the Presidents' Conference regarding such amendments, and if the Honourable Member will refer to the account of the rationale and objects of the Presidents' Conference which was given by Sir Frederick Whyte in his reply to Mr S. C. Ghose's question No. 653 on the 2nd February, 1925, he will, I think, agree that the Presidents' Conference is not a body which Government could appropriately consult.

(c) The Government of India observe with regret that the Honourable Member is still labouring under the misconception from which Sir Henry Moncrieff Smith sought to release him in his reply to part (iii) of the private notice question put by the Honourable Member on the 17th March, 1924. The proviso to sub-section (3) of section 129-A of the Government of India Act does not require any rules or amendments to be treated in accordance with the procedure set forth therein but confers on the Secretary of State a discretionary power to direct the adoption of this extraordinary procedure in lieu of the ordinary procedure set forth in the substantive part of the sub-section. The Secretary of State has not seen fit to give such direction in the case of any of the amendments made in the Indian Legislative or Provincial Legislative Council Rules.

(d) The Honourable Member is referred to the information laid on the table by the Honourable the Home Member on the 18th August, 1926, in response to his own question No. 579 asked on the 3rd February, 1926.

(e) The answer to the first part of the question is in the affirmative. Detailed information with regard to the amendments of the Indian Legislative Rules, and such information as is in the possession of the Government of India with regard to amendments in the Provincial Legislative Council Rules, will be found in the statements referred to in my reply to part (a).

As regards the second part of the question the Government of India are not aware of any case in which amendments to the Indian Legislative or Provincial Legislative Council Rules have been made in defiance of the expressed intentions of the Legislatures concerned. They are aware of one case, that of the amendments in the Indian Legislative and Provincial Legislative Council Rules recommended by the Reforms Enquiry Committee, in which the Legislative Assembly declined to avail itself of the opportunity afforded by the Resolution moved by the Honourable the Home Member on the 7th September, 1925, of expressing its opinion on the amendments to the rules proposed by the Committee by adopting an alternative Resolution which contained no indication of the opinion entertained by the Assembly regarding the desirability or otherwise of the amendments in question.

Statement showing changes made in the Indian Legislative Rules since the Rules were first made.

Serial No.	Notification with which amendment published.	Rule inserted or amended.	Whether Indian Legislature was consulted.
1	No. 15, dated 11th January, 1922.	6	No.
2	No. 60, dated 13th March, 1924.	20A, 36A, 36B, 36C	No.
3	No. F. 76-I-24 A. C., dated 19th July, 1924.	50(2)	No.
4	No. F. 112—24 G., dated 14th August, 1924.	20A, 36A, 36B, 36C.	No.
5	No. F. 62-I—24 A. C., dated 8th January, 1925.	3(2), 5A.	No.
6	No. 362—24 G., dated 15th January, 1925.	48A.	Yes. The amendment was made in pursuance of clause (7) of the Resolution adopted by the Legislative Assembly on 20th September, 1924, regarding the separation of Railway from General Finances
7	No. F. 46-I—25 A. C., dated 12th March, 1925	3(3).	No.
8	No. 498—26 G., dated 27th April, 1926.	49(2).	Yes. These amendments were made in pursuance of recommendations of the Reforms Enquiry Committee which were placed before the Council of State and the Legislative Assembly in resolutions moved on behalf of Government on 11th September, 1925, and 7th September, 1925, respectively.
9	No. 324—26 G.-I., dated 27th October, 1926.	24A.	
10	No. 434—25 G., dated 23rd November, 1926.	51	Yes. The amendment was the outcome of a suggestion made by Diwan Bahadur Ramachandra Rao in the Legislative Assembly on 23rd February, 1925, during the general discussion on the Railway Budget.

Statement showing changes made in the Provincial Legislative Council Rules since the Rules were first made.

Serial No.	Notification with which amendment published.	Rule inserted or amended.	Provinces affected.	Whether Legislatures consulted.
1	No. 108, dated 1st September, 1921.	14	Punjab	Yes. The amendment was made in pursuance of a resolution passed by the Punjab Legislative Council Local Governments were in all cases consulted before the amendment was made and it was open to the Local Government to consult the local legislature if so advised. The Government of India are not aware of any case in which such consultation actually took place.
2	No. F-76-I-24 A. C., dated 19th July, 1924.	32 (2)	All.	
3	No. 205-24-G., dated 27th November, 1924	20A, 20B, 20C		
4	No. F. 62-I-24 A. C., dated 8th January, 1925.	3 (2), 5A.		
5	No. 205-II-24 G., dated 28th January, 1925.	21 A.	All, except Central Provinces and Burma.	
6	No. 120-25 G., dated 13th August, 1925.	6		
7	No. 194-26 G., dated 27th April, 1926.	30 (2)		
8	No. 324-26 G., dated 27th October, 1926.	10A, 12A, 24A.	All.	

Mr. A. Rangaswami Iyengar: I may, Sir, point out that the long answer which Mr. Graham has given prevents me from putting supplementary questions at a stretch but may I ask whether it is or is not the case that this House passed a Resolution for the amendment of the Rules in regard to the disqualification of persons who had undergone convictions and that nevertheless the Indian Legislative Rules did not provide for them?

Mr. L. Graham: I must ask notice of that question, Sir.

Mr. A. Rangaswami Iyengar: I think it must be clearly within the knowledge of my friend Mr. Graham. I shall repeat what I have just said. Is it or is it not the case that this House passed a Resolution

Mr. President: Order, order. The Honourable Member has asked notice of that question.

UNSTARRED QUESTIONS AND ANSWERS.

COWS SLAUGHTERED FOR FOOD AND CATTLE BREEDING.

65. **Mr. Siddheswar Sinha:** 1. Will the Government be pleased to state:

(a) the number of cows, bullocks and calves slaughtered for military food in the years 1924, 1925 and 1926; and

(b) the number of those slaughtered for export of beef in the aforesaid years?

2 Will the Government be pleased to state number of stud bulls kept by them?

3 What method do they propose to adopt or what action do they intend to take for the improvement of cattle breed in the country?

The Honourable Mr. J. W. Bhoré: 1. (a) I would invite the attention of the Honourable Member to the replies given on the 10th of March, 1924, to part (c) of starred question No. 692 and on the 23rd January, 1925, to starred question No. 182. For the reasons stated therein it is not possible to furnish the information desired.

(b) No record is kept of the number of cattle slaughtered for export.

2 and 3 I would refer the Honourable Member to section VI of the chapter on live stock in the Annual Review of Agricultural Operations in India, 1924-25, a copy of which will be found in the Library. Information as to the number of stud bulls maintained at the farms managed by the Imperial Department of Agriculture is being obtained and will be furnished to the Honourable Member in due course.

BETTER POLICE SUPERVISION FOR NEW DELHI.

66. **Pandit Thakur Das Bhargava:** (a) Has the attention of Government been drawn to the news headed Life in Raisina, complaining of insecurity of life and property in Raisina appearing in the *Hindustan Times* in its issue of January 21, 1927, on page 1?

(b) Do Government propose to increase the police and take other suitable steps to secure the safety of person and property in Raisina?

The Honourable Sir Alexander Muddiman: The Honourable Member is referred to the reply which I gave to question No. 224 on the 31st January, 1927.

LOCATION OF REPER RAILWAY STATION.

67. **Pandit Thakur Das Bhargava:** (a) Will Government be pleased to state in what particular direction of Reper Town in the Ambala District (Punjab) the Railway authorities propose to locate the railway station of Reper on the projected Sarhind-Reper Line?

(b) Are Government aware that there is great uneasiness in Reper town at the prospect of the railway station being located in Nalagarh direction at a distance of more than a mile from the City?

(c) Is it a fact that the Railway authorities shall have to construct one mile more if the railway station is to be built in the direction of Nalagarh than if its situation is changed to Sukhrampur side?

(d) Do the Government propose to consider the feasibility of changing the situation of the proposed railway station from the Nalagarh direction to the direction of Sukhrampur?

Mr. A. A. L. Parsons: (a) The direction of the proposed site of Ruper station on the Sirhind-Ruper line, now under construction, is to the north-east of the town just across the canal. This site was selected in consultation with the Deputy Commissioner, Ambala District, the Sub-Divisional

Officer, Rupar, Rai Bahadur Ralla Ram, Chief Engineer of the constructing agency, the Superintending Engineer, Irrigation, and a representative of the North Western Railway Administration, which will work this Railway when opened.

(b) The actual distance of this site from the town of Rupar is one mile. The distance of the site desired by local towns-people, which was rejected as it did not permit of room for expansion, is only 400 yards nearer to the town than the site selected.

(c) The answer is in the affirmative.

(d) The pros and cons of the matter were fully considered when the site was chosen.

COMPLETION OF ROHTAK-BHIWANI RAILWAY LINE.

68. **Pandit Thakur Das Bhargava:** Will the Government be pleased to state by what time the projected railway line between Rohtak and Bhiwani will be completed?

Mr. A. A. L. Parsons: It is estimated that the line will take about one year to complete from the date of commencement of its construction, but it is not possible to say at present when the construction will be put in hand.

PROHIBITION OF IMPORT OF ARTIFICIAL GHEE.

69. **Pandit Thakur Das Bhargava:** Do the Government propose to prohibit the import of artificial ghee in India?

The Honourable Sir Charles Innes: Government do not propose to take the action suggested.

GRIEVANCES OF EMPLOYEES ON THE BENGAL NAGPUR RAILWAY.

70. **Mr. Varahagiri Venkata Joglah:** (a) Are Government aware that there is serious discontent among the employees on the Bengal Nagpur Railway system?

(b) Are Government aware that the employees on the Bengal Nagpur Railway system determined to take recourse to direct action if their grievances as set forth in their memorandum presented to the Agent on the 24th November, 1926, were not redressed before the 30th January, 1927?

(c) Are Government prepared to inquire from the Agent, Bengal Nagpur Railway Company, as to the causes of the present unrest on the said Railway system?

(d) Do Government propose to inquire if the Agent, Bengal Nagpur Railway, has since replied to the deputationists, and if he has not yet replied, do they propose to find out what the cause of the delay is? If he has replied will the Government be pleased to state the nature of the reply?

The Honourable Sir Charles Innes: (a), (b), (c) and (d). The Honourable Member is referred to the reply given to a similar question (Starred question No. 265) asked by Mr. M. K. Acharya to-day.

MOTION FOR ADJOURNMENT.

Mr. President: I have received the following notice of motion for adjournment of the House from Pandit Hirday Nath Kunzru:

"I beg to give notice that after questions to-day I shall ask for leave to make a motion for adjournment of the business of the House to discuss a matter of urgent public importance".

I think the Honourable Member means a definite matter of urgent public importance, namely, the decision of the Government of India not to publish the Report of the Indian Deputation to Fiji. I am not sure whether the motion is in order. Does any Honourable Member wish to speak on the point of order?

The Honourable Sir Alexander Muddiman (Home Member): On a point of order, Sir. The matter is no doubt important. The decision not to publish this Report is undoubtedly a matter of public importance, but that it is a matter of urgent public importance, I find it very difficult to believe. This Report was written, I am informed, some three years ago. The matter has been raised practically in every Session by questions by Honourable Members, and I fancy my Honourable friend in charge of the Department has given many replies to it. I suggest for your consideration also, Sir, that there is no urgency about the matter, because there is no action to be taken on the Report. Then my Honourable friend has an opportunity also of raising this in the ordinary way by putting down a Resolution, and, if a sufficient number of Members are interested in the matter, he will probably get it on the paper.

Lastly, Sir, the matter can be discussed at the time of the Budget when my Honourable friend can propose some reduction in the budget charges of my colleague's department.

For all these reasons, Sir, I submit that this is not a motion within the Rules.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadian Rural): Mr. President, I submit that the motion should be treated as dealing with a definite matter of urgent public importance for several reasons. While it is true that the Report of the Deputation to Fiji was published several years ago. (*A Voice*: "Not several years ago"),—while it is true that it was submitted to the Government of India several years ago, the correspondence relating to that Report has been published very very recently, and it appears from it that, even on matters which have been agreed to by the Government of India and the Colonial Office, no action has been taken. Sir, if we know the full contents of the Report, if we know what all its recommendations are, this would be just the time for making further representations. I may draw the attention of the House, Sir, to the fact that in an interview given to the Associated Press by Mr. Venkataputiraju, who was one of the Members of the Deputation, it is stated that the grievances dealt with in the correspondence are not all the grievances that the Indians in Fiji have complained of. One might infer from that that the Report refers to other points besides those mentioned in the memorandum submitted by the Crown Colonies Committee to the Colonial Office. For these reasons, I think, Sir, this is just the time for making further representations through the Government of India to the authorities concerned. Delay may prejudice the interests of the Fiji Indians.

Apart from this, Sir, I may mention one or two cases in which an adjournment of the House was allowed, I believe, in circumstances similar to those surrounding the motion I have given notice of. When

the Lee Commission was appointed, I believe, Sir, Mr. Seshagiri Aiyer moved the adjournment of the House and his motion was held to be in order by the President, although Mr. Aiyer wished merely to protest against the appointment of the Commission. I remember another occasion, Sir, on which a Member of this House was allowed to move the adjournment of the Assembly. That was when Sir William Vincent was Home Member. The Deputy Commissioner of Delhi refused to allow a public meeting to be held on a particular date, and four or five days afterwards a motion for adjournment was made in this Assembly, and the motion was held to be in order by the then President, Sir Frederick Whyte, your predecessor. For these reasons, Sir, I beg to submit that my motion is in order and should be treated as one dealing with a definite matter of urgent public importance.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, on the point of order raised by the Honourable the Home Member, I would just like to say one word. The Honourable Member felt doubtful as to how this matter was of urgent importance, and he could not see the urgency in the motion which is now sought to be made. On this point I would like to say this. It was from the recent correspondence published by the Government of India that we came to know that, in the Fiji Legislative Council, only three seats have been given to the Indian residents which, in the opinion of this House, is grossly inadequate to the number and the interests of the Indian community in Fiji. It is by raising this motion and drawing the attention of the Government to the necessity of publishing this Report and thereby enabling us to find out what actually our deputation to Fiji thought about this matter that we would get an opportunity of pressing this matter further . . .

Mr. President: That can be done by a Resolution. How is the matter so urgent as to justify resort to this extraordinary procedure?

Mr. R. K. Shanmukham Chetty: Sir, we all know that a Resolution has to go through the processes of the ballot and the freaks of the ballot are mysterious. The Colonial Office and the Fiji Government may give immediate effect to the arrangement which has now been made and decide to give only three seats to the Indian residents. If the House is given an opportunity at this stage to raise a discussion and represent to the Government the urgent necessity of pursuing the matter further with the Colonial Office, we would perhaps have a chance of rectifying the wrong . . .

Mr. President: When was this Report made?

Mr. R. K. Shanmukham Chetty: The Report was submitted to the Government of India about three years back.

Mr. President: Was any attempt made by means of a Resolution to induce the Government to publish it?

Mr. R. K. Shanmukham Chetty: But, Sir, we did not know that this gross injustice was being perpetrated there. It was only after the publication of the correspondence by the Government of India a week or two ago that we came to know that only three seats have been given to the Indian residents in the Colony. We were all along waiting to see the outcome of the negotiations between the Government of India and the Colonial Office, and it was only after the publication of this correspondence that we came to know of this gross injustice.

Mr. President: When was the correspondence published?

Mr. R. K. Shanmukham Chetty: It was published two weeks back.

Mr. President: Was there not sufficient time for giving notice of motion for adjournment?

Mr. R. K. Shanmukham Chetty: But then we came to know only yesterday that the Government of India were not prepared to publish the Report.

Mr. K. C. Roy (Bengal: Nominated Non-Official): Sir, on a point of order, may I intimate to the House that the Fiji Report was the subject of discussion in 1924 between the Indian Colonies Committee and the Colonial Office. That matter was of public knowledge in India. Then, when the Colonies Committee returned to India in September of that year, the matter was also well known to many Members of this House as well as to the Government of India, and the question should have been raised then and there. Now, Sir, there is no immediate urgency about this matter. Moreover, the point which has been raised by Mr. Chetty is that representation might be made now in order to increase the number of Indian Members from 3 to 6 in the Fiji Legislative Council. We, as Members of the Colonies Committee, went into this matter very carefully, and we recognised, although we were very sorry to recognise, that the Indian community found it extremely difficult to produce even three Members.

Mr. N. M. Joshi (Nominated: Labour Interests): May I point out, Sir, that, so far, the Government of India have always held out hopes about the publication of the Report . . .

Mr. President: Is that so?

Mr. N. M. Joshi: Yes, Sir. They had never said that they would not publish it (Laughter).

Mr. President: Does the Honourable Member still maintain that the Government of India had held out hopes?

Mr. N. M. Joshi: They never said that they would not publish it, and we took it for granted that, when Government spent a lot of money in sending a deputation and asking them to make a report, they would publish it. It was only yesterday that they finally decided not to publish it and I think, Sir, that the matter is very important and very urgent, and trust you will allow this motion.

Pandit Hirday Nath Kunzru: May I point out, Sir, that Sir Narasimha Sarma did hold out the hope in July, 1923, that the Report would be published at an early date?

Mr. President: In 1923?

Pandit Hirday Nath Kunzru: Yes. Since then, Government have been telling us that, as the matter was under correspondence between them and the Colonial Office, the correspondence could not be published. We have waited for the termination of that correspondence and now we are told that the Report cannot be published.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, the Honourable the Home Member said just now that

this subject was a subject for interpellation on the floor of this House and replies on the side of Government, but yesterday the answer that the Government gave took our breath away (Laughter) because Government have really gone back on what they had made us believe, namely, that they would publish this Report. This Report is of great importance and it became a matter of definite public importance in view of Government's persistence, I should say, in bureaucratic dilatoriness. Therefore, Sir, . .

Mr. President: The Chair has no doubt that it is a matter of definite public importance. The question is whether it is a matter of urgent public importance.

Mr. O. S. Ranga Iyer: The matter becomes urgent in view of Government's statement yesterday that they would persist in their usual dilatoriness.

The Honourable Mr. J. W. Bhore (Member for Education, Health and Lands): Sir, my Honourable friend Mr. Shanmukham Chetty has raised a point of some importance, but I must point out to him, that the Government of India are in entire accord with him in considering that there is not a sufficient representation for the Indian community. The published correspondence makes it perfectly clear that we have over and again tried to impress that point of view upon the Secretary of State for the Colonies, and we were eventually told that the final decision of the Colonial Office was that they could not agree to more than three. In these circumstances, Sir, I cannot see what useful purpose will be served by arguing this point (when we are entirely in accord with my Honourable friend, Mr. Shanmukham Chetty) or where the urgency comes in. If he will further read that correspondence, he will also find that we have said in our reply to the Secretary of State that while for the present, in view of the final decision of the Colonial Office, we do not now propose to press the matter, we leave it open to ourselves to raise the point on a future occasion.

Mr. President: The Chair is not satisfied that the matter is of such urgent character as to justify the use of the extraordinary procedure proposed in the notice. Several Members have taken part in the discussion on the point of order, and it appears to the Chair that, if they are all interested in the publication of the Report, it is easy for them to put down a Resolution and get it ballotted. The Chair, therefore, rules that the motion is not in order.

ELECTION OF PANEL FOR THE STANDING EMIGRATION COMMITTEE

The Honourable Mr. J. W. Bhore (Member for Education, Health and Lands): Sir, I beg to move:

"That this Assembly do proceed to elect in the manner described in the Department of Education, Health and Lands Notification No. 114, dated the 7th February, 1924, a panel of 16 members, from which the members of the Standing Committee to advise on questions relating to Emigration in the Department of Education, Health and Lands, will be nominated."

The motion was adopted.

Mr. President: I may inform the Assembly that, for the purpose of the election of members to the Standing Committee to advise on questions

[Mr. President.]

relating to Emigration, the Assembly office will be open to receive nominations up to 12 noon on Friday, the 4th February, and the election, if necessary, will take place in this Chamber in accordance with the principle of proportional representation by means of the single transferable vote on Wednesday, the 9th February.

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

(EXECUTION OF DECREES AND ORDERS.)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move :

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes, (Execution of decrees and orders) be referred to a Select Committee."

As I explained when introducing the Bill, this Bill contains a number of proposals formulated by the Civil Justice Committee as a result of their examination into the delays arising out of execution. The Civil Justice Committee have made very interesting observations on this question, not only in connection with the particular subject-matter of the Bill, but also on the general question of delays in execution. They made a very just remark that there was a tendency, perhaps, to over-estimate delays in execution and the actual figures of unrealised decrees were not entirely a true measure of the case. But they did agree that in India, speaking broadly, a litigant very often commences his troubles when he gets his decree, and, with that view, they made certain specific recommendations, which, after consultation with Local Governments and High Courts, we have embodied in the Bill before the House. I think I would not be quite correct in saying that, in all instances, all these proposals have been before High Courts, but the bulk of them, certainly the most important of them, have been, and the proposals we are now bringing before the House are, in some cases, slightly modified from those which were made by the Civil Justice Committee. I think it is difficult for me to say what the principle of this Bill is beyond saying that it is a general attempt to remedy defects in the law arising out of the present execution law. Execution law is obviously an agglomeration of minutiae of procedure, and therefore is not susceptible of any broad or general treatment. I cannot therefore put any other broad line before the House and each of these proposals has really to be judged on its own merits.

I might perhaps very briefly refer to one or two of the proposals contained in the Bill. Clause 2 makes it clear that orders settling a sale proclamation under rule 66 of Order XXI of the Code are purely administrative actions and subject neither to appeal nor revision. That, I think, is accepted by everybody as a desirable change in the law and it is effected in clause 2 of the Bill by an addition to clause (2) of section 2 of the Code. Clauses 3 and 4 allow concurrent execution by several courts, subject to the restriction imposed by the decision of the Privy Council in the Maharaja of Bobbili's case, which is a case very familiar to my Honourable friends opposite. With regard to the executing court, we do not, however, give the entire powers conferred on the original court, and restrictions will be found by the House in clause 17 of the Bill. Clause 5 extends

to execution proceedings the ordinary rule that objections to jurisdiction must be taken at the earliest possible moment. Clause 6 is not based on a direct recommendation of the Civil Justice Committee, but I think it will be regarded by the House as a valuable safeguard in that it provides that a court by which a decree has been passed cannot send it for execution to any other court if the amount or value of the subject-matter of the suit in which the decree has been passed exceeds the pecuniary limits of the ordinary jurisdiction of such other court. Clauses 7 and 13 amplify and clarify the *Explanation* to section 47 and, further, make second appeals subject to special leave. The amendment of section 47 made by clause 7 provides or rather makes it clear that a stranger purchaser in execution is a representative of the parties within the meaning of that section. Clause 8 clarifies and simplifies the provisions regarding attachment contained in section 60 of the Code. It treats all salaries and most allowances on the same lines, and I think it may be regarded as an improvement on the existing provision in the law. Clause 10 embodies a specific proposal of the Committee. It bars the plaintiff, in certain circumstances, from maintaining a suit based on a *benami* transaction and amends section 66 so as to extend that section also to defendants who at the time of the suit are not in possession of the properties sold in auction. The Committee made some valuable observations on the general question of *benami* transactions, but they were not themselves unanimous in their view of that particular transaction and the only specific recommendation they made was the one which is embodied in the Bill under consideration. The subject, of course, as Honourable Members know, is one of very great difficulty. Clause 11 gives civil courts authority similar to that now given to the Collector, under the existing Code, for the satisfaction of a decree by a temporary alienation. Clause 12 puts forward a new proposal recommended by the Civil Justice Committee allowing the creditor who has taken out execution to receive a preference to the extent of $2\frac{1}{2}$ per cent. from the distributable share beyond his own share.

I do not think that the remaining provisions of the Bill are of sufficient importance for me to draw the particular attention of the House to them. They are satisfactorily explained in the notes on the clauses of the Bill which are annexed to the Bill. I should like to tell the House that, although, as I have said in my opening remarks, it is true that the High Courts have been consulted on the bulk of the provisions in this Bill, it is equally true that they have not seen the actual form in which these proposals have been embodied in legal language, and there are also one or two proposals which they have not seen. I have moved for a reference to Select Committee, but I recognise that these are matters of complication which require the best advice that the Government of India are able to obtain, not only as to the actual principle of the amendments but also as to the form they should take. I notice that a motion for circulation has been put on the paper. If that motion is moved and if it commends itself to the House I myself will raise no objection. Sir, I move.

Mr. President: Motion moved:

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes be referred to a Select Committee."

Mr. H. G. Cooke (Bombay: European): In view of the concluding remarks of the Honourable the Home Member there is very little for me to say in moving the motion which stands on the paper in my name. It

[Mr H. G. Cooke.]

seems to me that this is essentially a measure which ought in its present form to be circulated for opinions. It is true, as the Honourable the Home Member said, that the High Courts have seen the main suggestions embodied in this Bill, but they have not seen them in the way in which they have been set out and certain of the clauses are new. It is also true that a Select Committee of this House can secure considerable legal scholarship and learning to consider a measure of this sort, but at the same time there is no immediate hurry, and I think it would be very much better if this Bill was first circulated for opinions. It will be noted that in sub-clause (2) of clause 1 of the Bill it is stated that it will come into force on the 1st day of January, 1928. Well, I take it that opinions can be called for and obtained before that date and probably that date can remain in the sub-clause. I do not know whether it is a practice in calling for opinions to fix a date by which they are to be sent in, but it occurred to me that it might be possible, if there were any urgency to bring this measure into force on the 1st January, 1928, to ask for opinions by the 31st July of this year. Sir, I move:

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The Honourable Sir Alexander Muddiman: As I said before, I am quite prepared to accept that motion and we will call for opinions, but we must give the High Courts reasonable time. I may say that we have had protests from the High Courts in connection with a number of opinions that they were asked to give on several proposals of the Civil Justice Committee.

Mr. President: The original motion was:

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes, be referred to a Select Committee."

Since which the following amendment has been moved

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The question that I have to put is that that amendment be made

The motion was adopted

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL

(AMENDMENT OF SECTION 115)

The Honourable Sir Alexander Muddiman (Home Member) Sir, I beg to move.

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes, (Amendment of Section 115), be taken into consideration."

As I explained in moving for leave to introduce, this Bill amends, or rather seeks to amend, section 115 of the Code. Section 115 is the section which deals with the revision of civil proceedings. The matter of revisional jurisdiction was examined at considerable length by the Civil Justice Committee's report. They devoted pages 370 to 375 of their report to that matter. They deal with the various views which have been

expressed on revisional jurisdiction and they refer to many rulings, with which I think it is unnecessary for me to trouble the House, but, if the Members wish to refer to them, they will find them in paragraph 11 on page 370 of that report. The committee noticed a tendency in our courts to enlarge their powers of revision. They took the view, moreover, that there was a difference of opinion on many matters, both between High Courts and also between individual judges, in the way they used the section, and they came to the general conclusion that it was a fruitful source of delay and that the law might well be laid down in more definite terms by the Legislature. They particularly pointed out the main difference of opinion between the courts on the question of how far revision is open on an interlocutory order. They say, and I believe rightly, though I speak subject to correction, that there is a difference of opinion between the High Courts of Calcutta and the courts at Allahabad and Lahore. The Calcutta court takes the view that under the section, the court has discretion to interfere, even though the case in the court below has not been disposed of completely, whereas the view taken in the other High Courts to which I have referred is that the section does not warrant an interference during the pendency of the case. They themselves took the view that interference by way of revision on interlocutory orders is a fruitful source of delay, that it even harms the litigant who applies for the revision. They say, and speaking subject to correction I should imagine there was a good deal in what they say, that very often the litigant would have succeeded without any necessity for revisional proceedings. Obviously, it must be so. An interlocutory application of this kind stays proceedings and causes delay. The measure of the delay is largely the rapidity with which the High Courts dispose of the application. I fancy that at times it must be a somewhat long period, for the Civil Justice Committee observe:

"If, for example, a rule once granted is not likely to be disposed of for eight months, then it is plainly better on the whole that interlocutory orders should not be subject to this form of attack."

I do not know what High Court they were thinking of, but it may be presumed that it took a very long period for the disposal of the interlocutory order.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Not in Bombay.

The Honourable Sir Alexander Muddiman: My Honourable friend is apparently aware of the court where 8 months is not a long period. I trust I shall have his support on that point. On an examination of the whole position, the committee came to the conclusion that the law needed amendment and they went further. Apparently, after consultation with the Chief Justice of Bombay and other Judges of standing, they rushed in, perhaps rashly, and themselves drafted the section. That section was naturally subjected to my Honourable colleague's scrutiny. It did not emerge quite in the same shape as it went in, but in essence it is the section proposed by the Civil Justice Committee, and it is that amendment of the law which I now ask the House to take into consideration.

Mr. M. R. Jayakar (Bombay City: Non-Muhammadan Urban): Sir, I rise to oppose the passage of this Bill. I will take the liberty of saying that this Bill is, in the opinion of a very large section of the legal profession, a retrograde Bill. I am aware, Sir, that this Bill carries out the

[Mr. M. R. Jayakar.]

provisions of the Civil Justice Committee and the draft set out in the Bill is also, word for word, the draft suggested by the Civil Justice Committee in their report. The Honourable the Home Member has sought to justify this Bill on the ground that it is intended to do away with the proverbial delays of the law of which poets have sung. But under that guise, Sir, this Bill is intended to have the effect, if it is passed into law, of cutting down the revisional powers of the High Courts, powers which are much prized in this country, notwithstanding many blemishes of judicial administration. Without being too technical, I will invite the attention of Honourable Members to two points. This Bill has two very retrograde provisions. First, clause 2 cuts down the very large discretion which the High Courts in India have enjoyed in the matter of interfering with the decisions of subordinate courts. These powers had been purposely left vague by the Government of India Act, and the Civil Procedure Code. There was a meaning in leaving them wide and undefined, because the idea was to invest the High Courts in British India with a residuum of very large powers of supervision which the Legislature wisely refused to limit or in any way restrict. This Bill divides those powers into two parts, one with reference to 'decrees' and the other with reference to 'orders'. I may tell my Honourable friends here that the High Courts' powers of superintendence are derived by them from the old Supreme Courts. The High Court has, under our law, three ways of interfering with the decisions of the subordinate judiciary, first by way of appeals, secondly, by way of revision and thirdly, by way of exercising the inherent power which the High Courts enjoy under section 15 of the Indian High Courts Act of 1861, which has now been supplanted by section 107 of the Government of India Act. What this Bill proposes to do under the guise of avoiding delay is to restrict this large power of the High Courts. It does so by the device of dividing decisions into two classes, namely, 'decrees' and 'orders'. I need not go into the technical difference between a decree and an order, except to state that the one is more final and the other is interlocutory. What this Bill does is that, in the case of decrees, it re-enacts the provisions of the old Act, about which I do not complain, Sir. But, with reference to 'orders,' which are referred to in sub-clause (b) of clause 2, it restricts the power of the High Court to interfere only to one of such cases, namely, where the subordinate court appears to have 'exercised or decided to exercise jurisdiction not vested in it by law.' That you will notice, Sir, is only one of three cases which are provided for in the case of decrees. In other words, stated briefly, the effect of this Bill will be, so far as this clause is concerned, to deprive the High Court of judicial interference in those cases which are contained in sub-clause (ii) and sub-clause (iii), namely where the lower court has failed to exercise jurisdiction so vested or acted illegally or with material irregularity. The effect of this will be that in the case of interlocutory orders, however unjust and erroneous they may be—and there are a very large number of them coming before the courts every year—the High Court will not have the power under this Bill of interfering with, correcting amending, modifying or redressing, in any manner, however gross and manifest the injury may be. That, in my opinion, is a retrograde step. What moved the Civil Justice Committee to recommend this step, I cannot say. But so far as their reasons are given in their report, they appear to be based on one consideration only, the delay of the law. I hold the view, Sir, and

I am sure a large section of the profession also holds the view that delayed justice is better than speedy injustice. Then, Sir, proceeding further, there are one or two things which require to be very carefully examined. One of those things, which every lawyer prizes to the utmost, is embodied in sub-clause (2) of the *Explanation* :

"Nothing in this Code, and nothing in the Letters Patent of any High Court, shall be deemed to confer upon any High Court any power to revise any decree or order which such Court is not empowered to revise under this section."

I have very grave doubts and I will make a present of them to the Honourable the Law Member sitting opposite, whether this Indian Legislature has this power at all of curtailing the inherent jurisdiction of the Court which was given to it by the High Courts Act, a Statute of the British Parliament and which is now embodied in section 107 of the Government of India Act, which is also a Statute of the British Parliament. That section, Sir, is very widely worded. It is a re-enactment of an earlier section, section 15 of the Indian High Courts Act, which was passed by the British Parliament in the year 1861 when High Courts were established for the first time in British India. That section, Sir, by wise British legislators—a species which has become rather rare in these days, was worded very wisely as follows :

"Each of the High Courts has superintendence over all courts for the time being subject to its appellate jurisdiction."

My Honourable friends will notice the very wide words—and they were purposely left wide—of this section. The Legislature in those days thought that, having regard to the peculiar circumstances of British India, High Courts must be invested with very large powers of supervision. They used an expression which is plain and simple, namely, 'superintendence,' so that every kind of inquiry, revision, interference and inspection, might be included in the process. That section, Sir, is still good law and we are now attempting to limit the effect, and purview of this section by enacting this clause. Two questions arise. Are we competent? Supposing we are—into which question I will not go because I can see the array of legal talent on the opposite Benches which must have considered this question—but supposing we are competent, I say, is it advisable in these days that High Courts, the last resort of public justice, should be weakened, instead of being strengthened? I will ask my Honourable friends, are these the days when they should take away by a deliberate Statute the powers and privileges of High Courts? Are these the days when this House should permit any measure which has the effect of taking away, even by an iota, the rights and privileges of High Courts in India? I will not go into the question whether we are competent. I will leave that for the decision of judges when it arises. But I have very good authority for holding the view I do, *viz.*, the authority of the Privy Council contained in a well-known decision of the Madras High Court in the year 1920. The judgment in that case was given by a well-known lawyer of great eminence, Lord Phillimore. I do appeal to my Honourable friends, those who value the privileges of the High Court, which are after all the reflection of popular liberties in this country, to consider whether it is advisable to curtail the rights of the High Courts on the simple ground of legal delay. The Honourable the Home Member has made no pretence about it, there is no other ground for this drastic change except that of delays of the law. I submit, Sir, this is no just ground for permitting this drastic change. This is my view which possibly my official friends can never realize.

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These are not the days, I say, when our High Courts should be weakened. On the contrary they ought to be strengthened as much as they can. Taking that view, I think it is my duty to oppose this Bill and ask that it should be thrown out.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban): Sir, I also oppose the further consideration of this Bill on three grounds. There is no necessity whatever that has been made out for this inartistic amendment of the existing section 115. Far from making it clearer, it makes it obscurer, and, if this Bill is passed, it will tend to cause greater delays than the promoters of this amendment are aware of or the delays that the Civil Justice Committee sought to suppress. In the first place, the House will notice that the section is divided into two parts, one relating to the revisional jurisdiction of the High Court in the case of decrees of subordinate courts, and the other the revisional jurisdiction of the High Court in the case of orders made by subordinate courts. Now, as regards the revisional jurisdiction of the High Court in the case of decrees, with few exceptions, generally speaking, the revisional jurisdiction can only exist in cases where the suit is of a small cause nature and the value does not exceed Rs. 500. In that case, as no second appeal lies, the High Court will have a power of revision against decrees. That is really not a very important class of cases, and I would merely say that the elaborate provision which is made for decrees is hardly necessary, because there is a first appeal in the first class of cases and there is a second appeal where the value is over Rs. 500. But where the value is less than Rs. 500 and it is of a small cause nature, you will have this right of revision, and that right of revision is confined to cases where the lower court did not exercise its jurisdiction, or exercised a jurisdiction which it did not have or committed a material irregularity. Thus, generally speaking, these matters would have been corrected by the first appellate court itself and there would be very little necessity for revision. Therefore, the revisional jurisdiction of the High Court is really needed for the second class of cases, that is, cases in which it is not a question of decrees but a question of orders; because, in the case of orders, as the Civil Procedure Code does not provide for appeals except in a very few cases tabled in the Act, the power of superintendence of the High Court has been frequently exercised in order to redress injustice or to promote justice. Now, in that class of cases, the present law as it stands, as stated at section 115 of the Code, gives all the three branches of revisional jurisdiction to the High Court, that is to say, where the subordinate court has failed to exercise the jurisdiction which it has or exercised a jurisdiction which it has not or in exercising that jurisdiction has acted with material irregularity or illegality. Now, of these three branches, two branches are cut out by the present Bill so far as the revisional jurisdiction of orders is concerned. There is no right of revision even if there is a material irregularity. Supposing, for instance, in the hearing of an interlocutory application, the Court does not hear—such cases have been known and some of us have had experience of that—does not hear the opposite party and grossly misconducts itself in the procedure, nevertheless, the High Court will have no jurisdiction, because material irregularity of procedure is not made a ground for the exercise of revisional jurisdiction by the High Court. Then, again, supposing it had a jurisdiction, as in the case of adding of parties, where application has frequently to be

made, some cases also occur where, on absolutely frivolous grounds, such as the Court wanting to finish the case without really disposing of matters in controversy, it throws out the application; and then you go to the High Court and, in many cases, persons whose joinder has been negatived by the first court have, in the sound exercise of the revisional powers, been made parties to the suit. When the court has a jurisdiction but refuses to exercise that jurisdiction, in that case also the existing jurisdiction of the High Court in revision is cut out by the present Bill. It is only one class of cases, *viz.*, where it arrogates to itself a jurisdiction which it does not possess, that is preserved. Even there, I do not know what clause (b) means when it says:

“When the subordinate court appears to have exercised or to have decided to exercise a jurisdiction not vested in it by law”

I really do not know the subtle distinction between these two classes of words. How it tends to clarify I fail to see. How *Explanation (a)* is rendered necessary is a matter of drafting and I need not deal with it. Dealing with the substance of this Bill, I would urge upon Honourable Members of this House the gravity of such a proposal as this which takes away the existing jurisdiction of the High Court in just that class of cases where the jurisdiction is most needed. The revisional jurisdiction of the High Court has, in my experience which has not been very limited, certainly operated as a sort of pressure upon subordinate Courts. They know perfectly well that, if they behaved in a particular fashion, the party will rush to the High Court and get the order reversed. If this jurisdiction is removed, we know they will regard themselves as masters of the situation and deal with cases just as they like. It is just in this class of cases that justice has to be rendered, because these interlocutory orders are of the essence of a suit. And then, again, the result of this Bill, if passed into law, will be this. Instead of really cutting down expensive litigation and minimising the worries of the litigant, it will add to his trouble and expense. He will have to take all these grounds at the time when he prefers the appeal from the final decree of the court, and, if he succeeds, the whole of the cost would have been thrown away. If it were shown that the lower Court refuse to exercise a jurisdiction which it had in passing certain orders which had resulted in a failure of justice or if it had been shown that it acted with material irregularity in the exercise of jurisdiction, the whole proceedings would have to be nullified and the High Court would have to reverse the decree on those grounds and send back the case for a fresh trial. That would be the effect. Therefore, far from this pious opinion of the Civil Justice Committee materialising in practice, what will happen is that there will be greater delay in litigation and greater expense and useless trouble for the litigant. Therefore, I submit, the present law as it stands is good enough. You cannot find any formula of words upon which all the High Courts in India can be agreed, nor do I suppose, if anyone goes through the English Law Reports, that courts in England are any better. There is also plenty of conflicting decisions in all courts. Even the clearest human language is necessarily ambiguous and human brains are of different values. It is impossible, therefore, to attempt the impossible task of preventing all the High Courts from occasionally disagreeing with one another or different Benches of the same High Court differing from one another. That is a consummation which we wish for but can never be realised. On the other hand, our

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existing section 115 has been the subject of anxious consideration on the part of various High Courts for a long period of time, for well over a generation, and the result of it is the law has been crystallised in different provinces in different ways. After all, what the litigant, what the parties and what their legal advisers and others want is greater certainty of law, simplicity of law, rather than the idea, according to the Civil Justice Committee or according to the Home Member or the Law Member, of what the law should be. The certainty of it has been practically ensured, the law has been crystallised, and the practice has been fairly well set and it is unnecessary to disturb that law at the present stage by this Bill so as to give rise to an endless series of decisions, because this legislation, as worded, is likely to give rise to far graver troubles than the wording of the present section 115. Then again, the last clause is a really nugatory and wholly useless provision. Section 107, as pointed out in the Statement of Objects and Reasons, of the Government of India Act, gives each of the High Courts power of superintendence over all courts for the time being subject to its appellate jurisdiction. Therefore, every High Court will have, notwithstanding this law, all the other powers which it has, and there is no use either referring to the Letters Patent or anything else. Unless you cut out section 107 of the Government of India Act, you really will not be able to achieve the great object which the Civil Justice Committee had in view. It is quite clear that the Civil Justice Committee was so well instructed as to imagine that they could cut out section 107 of the Government of India Act; and the Law Member, as the Honourable the Home Member has told us, had to point out that that could not be done and this Bill had accordingly to be rectified. So much for the legal soundness and competence of the Civil Justice Committee. I should say that, just as in other matters Government have not proceeded to give effect to various recommendations of the Civil Justice Committee,—I notice that their recommendations are not being pursued in various other matters—we might as well give up this passion for despatch and agree with Mr. Jayakar who said that delayed justice is better than speedy injustice. I really consider that what would happen would be delayed injustice, not even speedy injustice, for there would not be any speed. Then, again, there is another point of view from which these Bills should be looked at. I should suggest that, in a law like this, Civil Procedure Code and Limitation Act, it would be very much more convenient to have all the amendments brought up in one Session and in one Bill, so that you may have a comprehensive Bill rather than piecemeal legislation. I would again say that, as this matter was not put before any Select Committee and was not examined, I certainly oppose this Bill.

• **Mr. Harchandrai Vishindas** (Sind: Non-Muhammadan Rural): Sir, I also join in the opposition that has just now been set up against the provisions of this Bill not only on the ground put forward by the Honourable Mr. Jayakar, but also on another ground, that it is not merely a curtailment of the powers of the High Court, as he has described it, but it also curtails the liberties of the subject in getting redress for injustice. That aspect of the question I specially rely upon for the simple reason that High Courts are the places where justice and proper redress of grievances of litigants can be obtained. I need not repeat all that has been said by the two previous speakers. I support all that they have said and, in addition, I also say that the very reasons which are urged in support of this

amendment are more against the Bill than otherwise For instance, the *Explanation* says:

"An erroneous exercise of discretion in a matter of procedure shall not be deemed to be an illegal act or a material irregularity."

So it is sought to exclude from the jurisdiction of the High Court its revisional powers over erroneous exercise of discretion. I think that such power should not be taken away from the High Court at all. There are many instances in which redress of this kind of wrong would be very necessary in the interests of the subject.

Then again, clause (b) of the *Explanations* is rather beyond me:

"(b) a finding or decision by a subordinate Court that it has jurisdiction shall be deemed to be an order within the meaning of clause (b)."

And clause (b) says:

"in the case of any such order, if the subordinate Court appears to have exercised or to have decided to exercise a jurisdiction not vested in it by law."

I don't know whether the former is any elucidation of the latter or a mere repetition. It is really intended that the powers of discretion to give justice to the people, which now exist under the present Code of Civil Procedure, and which are being exercised very wisely by the High Courts, are to be taken away. Such a measure, Sir, I oppose.

Mr. Nirmal Ohunder Ohunder (Calcutta: Non-Muhammadan Urban): Sir, I agree with Mr. Jayakar that this is a retrograde measure and ought to be thrown out, and I would appeal to the report of the Civil Justice Committee itself in support of my proposition. The Civil Justice Committee at page 372, para 14, in the very last sentence, say that:

"The position would seem to be that when the High Court ultimately interferes under section 115, its action has a very good effect."

Then again, in para. 16 in the first sentence, they say:

"It is very difficult to determine with reference to each High Court whether on the whole their jurisdiction is an advantage or disadvantage. It seems fairly clear that unless the greatest care is taken to insure that a rule to show cause should never issue save when absolutely necessary, and unless rules can be disposed of in reasonably short time, diminished jurisdiction would in all probability do more harm than good."

The complaint of the Civil Justice Committee is that the particular procedure of the rule *nisi* is what creates delay. They diagnose the disease but I venture to say that they have proposed a wrong remedy. The remedy is to change the procedure of rules *nisi* by notices of motion to issue, so that the whole thing can be settled in a fortnight. Instead of that they want to curtail the powers of the High Court, although they had no materials before them, as they themselves admit, to show that the High Court has exercised these powers under section 115, or the powers which they arrogated to themselves under the Charter, and that they had exercised those powers in a manner which conduced to injustice.

I therefore suggest that no reason has been given by the Civil Justice Committee or here why the revisional powers of the High Courts should be curtailed in the way it is sought to be done.

I do not think, Sir, (as Mr. Srinivasa Iyengar has already pointed out), that sub-clause (2) of the proposed section 115 will at all affect section 107 of the Government of India Act, because the High Courts now derive

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their powers of superintendence not under the Letters Patent but under the Government of India Act; so that also is useless, and I hope that Mr Prakasam's motion, that that should be deleted, will be accepted.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): Sir, I withdraw my amendment, with a view to oppose this Bill.

The Honourable Sir Alexander Muddiman: I am afraid I did not understand my Honourable friend. Do I understand him to withdraw his amendment? The amendment is not yet before the House.

Mr. T. Prakasam: I have withdrawn my amendment and take leave to oppose the Bill.

Mr. President: The amendment is not before the House.

Mr. T. Prakasam: I have said that, inasmuch as the amendment is on the paper, I wish to say that I have abandoned it as I have risen to oppose the motion. I do not agree with the observation of my Honourable friend who stated that delay is better than injustice. Delay is very bad in the matter of justice and delay should be avoided. Delay can be avoided easily, if this House and if the Government take proper care, one in the matter of legislation, and the other in the appointment of Judges.

Well, Sir, the Civil Justice Committee's report is a very elaborate report based on a large mass of evidence gathered. They have tried hard to find out reasons for the delays in the administration of justice in this country. I spent the best part of my life in the legal profession until a few years ago, and I could tell you that the delays of the present day are largely due to the quality of the recruitment to the Bench, not only the subordinate but the highest courts in the land. Allow me to tell you, and also to tell my Honourable friends here, that the recruitment to the High Court under the Charter Act, consists partly of a class who have not been trained in law, who have never practised law. Civilian judges come here as Revenue Officers and are promoted to District Judges to administer both civil and criminal law. I have known a judge who, as soon as he was appointed a District Court Judge, said that he did not know that there was a provision in the Civil Procedure Code for temporary injunction. I have known judges in the High Court who did not know several provisions in the Civil Procedure Code. The Civil Justice Committee's report says that they had consulted the Chief Justice who was good enough to enlighten him. **This is the sentence, page 272:**

"One eminent Chief Justice has expressed the opinion that this revisional jurisdiction should no longer exist, its place being taken by mere right of prohibition."

My Honourable friends will allow me to tell them that I have known a Chief Justice who was sleeping a good part of the time on the High Court Bench.

I have known a Chief Justice who slept not only for several minutes, but who got up all of a sudden and asked an eminent lawyer who was arguing before him what he was arguing, and when the lawyer told him it was a commercial point.

Mr. President: Order, order, all this is very interesting, but it is hardly relevant.

Mr. T. Prakasam: Well, I must bow to your ruling, Sir, but here it is said the Chief Justice's opinion has been consulted. I only hope the Chief Justice who was consulted by this Civil Justice Committee was not the one who had been sleeping (Laughter). Again, Sir, the Civil Justice Committee says that it has consulted the Bar Association and the Bar Association also were opposed to the proposed change. It says, the Bar Association and others have represented that the right to interfere in revision should remain whenever there is an error of law. They have difficulty in understanding why there should be a right of revision. Such is the Civil Justice Committee which could not agree with the members of the Bar, the Civil Justice Committee which would not agree with the High Courts which, in the exercise of their jurisdiction under section 115 of the Civil Procedure Code as it exists and under the Letters Patent and the Charter Act, do interfere to do justice when they consider fit. The Civil Justice Committee says:

"apart from this question, section 115 has undoubtedly been productive of much bad law because of the tendency of High Courts to interfere with any order that they do not regard as correct."

Is it wrong that the High Courts should interfere when they think the orders of the lower courts are not correct, that they should interfere to set them right? This is the Civil Justice Committee's report on which the Home Member relies each time he introduces a Bill. On its every paragraph, I am afraid, he is going to introduce a Bill to amend the Civil Procedure Code. So the Civil Justice Committee's Report is one which I would request every one of my Honourable friends here not to regard as any authority. I know at least one gentleman of this Committee who has never handled section 115 in the matter of an application or arguing a case at the High Court himself. It is really astonishing that the Civil Justice Committee should be quoted each time as a standard authority, that must be accepted by all of you. I also see, Sir, now, a growing tendency not to pay sufficient regard to the matter of legislation in such measures. Every amendment that you carry here, every alteration that you make here will form part of the permanent statute which will be administered by the law courts and very large interests will be affected and very seriously affected, and so I appeal to every one of you to consider this amendment in regard to removing section 115 as it stands to-day, and having in its place a reactionary provision which curtails the power of the High Court. The High Court's jurisdiction is not merely one of applying the letter of the law. Any court of justice is expected not only to look to the letter of the law but to look to the spirit of the law whenever the letter of the law is mischievous and will not allow them to do justice. That is the equity jurisdiction of the courts in England. You know how, when the Common Law Courts could not give justice, equitable jurisdiction came into existence in England. Section 115 is one of the few sections, perhaps the only section, which vests equitable jurisdiction in the highest courts of the land so that they might set right any injustice done in the lower courts. For heaven's sake, I appeal to you not to throw away the existing section and accept the amending Bill of the Home Member. It will be an immense injustice. The Civil Justice Committee had dealt at considerable length in one chapter with the frivolousness of litigation in small cause suits. Small cause suits generally relate to poorer people, and, if they are not allowed the remedy to take them in revision to the High Court, it will be doing a great injustice to that class of people. The Civil Justice Committee says

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"that this is a class of litigation which should not even be looked at." We have known judges who asked, when the matter came under revision, "What is the value of this revision petition?" When it was said "Rs. 50", they said "Oh, dismiss it!" Why? Because it is only Rs. 50. I therefore submit, Sir, that this Bill for amendment should be rejected *in toto*.

As regards the last clause under which the proposal is made that the power of superintendence of the High Court, given to it under the Government of India Act, should be restricted, I am one of those who long to see this House have the power to enact laws for itself and not to care for the laws which are enacted by the House of Commons. I should be very glad if we had that power to enact laws here ourselves and to have our own constitution; but as we stand to-day we are again and again told that it is the House of Commons that is ruling us and that it is Parliament to which we must submit ourselves. The proposal made in the last clause is that the powers of superintendence which the High Courts derive from an Act of Parliament itself should be curtailed by this House. I hope you will have the power and I wish you will have the power, and when we have that power we will not really care for Parliamentary Acts.

The Honourable Mr. S. R. Das (Law Member): Sir, I am not surprised at the opposition to this measure by Honourable Members who are lawyers by profession. As a lawyer myself, I may confess that my first instinct was to go against the advice of the Civil Justice Committee with regard to this point. But I think, if my friends will look into this Bill carefully, they will see there is no ground for the apprehensions which they have put forward. After all, so far as revision of decrees is concerned, no alteration has been made in the existing law. The section says "It may call for the record of any suit or proceeding in which a decree or order from which no appeal lies has been made". So that, so far as the powers of revision in regard to decrees are concerned, there is no alteration made in the law from that which now prevails. The only alteration is with regard to revision of orders. Now, with regard to that, the reason why the Government has accepted the advice of the Civil Justice Committee is shortly this. So far as orders are concerned, so far as interlocutory orders are concerned, no real injustice can be done, except in the way of delay owing to certain proceedings being taken which may have to be set aside later on, because, when the matter comes up on appeal, that order can always be revised by the High Court and set right. (An Honourable Member: "It is often too late.") Sometimes it may be too late, but in very rare cases is it too late because when it comes up on appeal the High Court can set it aside. Sometimes it does mean further cost because the case may have to be remitted for further trial, though that does not often occur. On the other hand, there have been numerous instances—at any rate in my experience—where a case has been held up for months, not once only but on several occasions, by an application under section 115 with reference to an order. I can recollect now several cases in which rules have been issued from an order of a subordinate court dealing with amendments of plaints. A rule has been issued; records have been called for and it has been some time before the High Court has been in a position to deal with the rule, generally ending by refusing that rule; and that has occurred more than once. In the case of very rich litigants, you find applications made over and over again with regard to these interlocutory orders in the same case, thus delaying the proceedings by sometimes one or two years. It is to prevent

that that this view of the Civil Justice Committee has been accepted. On the other hand, as I have pointed out, it really works no injustice because if a wrong order has been made, if, for instance, an amendment has been allowed or refused which ought to have been refused or allowed, that can be set right when the matter goes up on appeal. But Honourable Members will notice that, in one case, the High Court is given power to interfere in the case of an order, and that is where a subordinate court has exercised or decided to exercise a jurisdiction not vested in it. That contemplates a case where a subordinate court has no jurisdiction to entertain a suit but holds that it has jurisdiction and proceeds with the case. It is obvious, in such a case, that the High Court ought to be allowed to interfere because if the subordinate court has no jurisdiction it would mean a considerable amount of time and money wasted in the case being heard and decided by the subordinate court and then on appeal the High Court deciding that the subordinate court had no jurisdiction to try the case. Therefore, in that case, power has been left with the High Court to interfere. Otherwise, in accordance with the opinion or view of the Civil Justice Committee, the Government thought that the jurisdiction of the High Court should be restricted in the case of revision of orders

Mr. M. R. Jayakar: On a point of information, Sir, may I know what the difference is between "exercised" and "decided to exercise"?

The Honourable Mr. S. R. Das: I have not followed the question.

Mr. M. R. Jayakar: I want to know from the Honourable the Law Member what is the difference between the two expressions "if the subordinate court appears to have exercised" or "to have decided to exercise".

The Honourable Mr. S. R. Das: There may be occasions when the subordinate court has decided to exercise jurisdiction—when it has held that it has jurisdiction—and you can go up on that; or supposing, after that, that they have proceeded with the case in the exercise of that jurisdiction, then an application may be made under section 115.

There is only one other point that I should like to make and that is this. Sub-section (2) does not attempt to curtail the jurisdiction of the High Court so far as section 107 is concerned. That is clearly pointed out in the Statement of Objects and Reasons; because obviously this legislature cannot affect the provisions of a Parliamentary Act. But, so far as it can, that is to say, so far as the Code of Civil Procedure is concerned and the Letters Patent are concerned, this Legislature is competent to affect the provisions of those enactments and all that this section says is that:

"nothing in this Code, and nothing in the Letters Patent of any High Court, shall be deemed to confer upon any High Court any power to revise any decree or order which such High Court is not empowered to revise under this section"

So far as the power of superintendence is concerned, that is not affected by the Bill. That exists in the same way as it does now and, therefore, I submit to this House that, if the measure is carefully considered, it is not one which is likely to cause injustice to litigants. After all, it is very nice to hear—most of us would subscribe to that statement—that delayed justice is better than injustice, but very often delayed justice amounts to injustice.

Mr. M. A. Jinnah: Sir, I was particularly anxious to hear the Honourable the Law Member, and I have heard his defence of this Bill. I regret to say, Sir, that he has made a very poor defence. There is not

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the slightest doubt that this Bill is a very drastic departure from the old law, section 115 of the Civil Procedure Code. Under section 115 of the Civil Procedure Code, we had to deal,—I want the House really to pay a little more attention to this question because it is a very important question,—we had to deal with three matters. First a decree, second interlocutory orders—an order made in the course of the proceedings of a case and which was an appealable order, and an order made which was not an appealable order. Now, Sir, with regard to the question of a decree, which is the final adjudication by a Court of first instance, no doubt the law is not sought to be changed. It remains exactly as it was, and so we need not trouble about that. But, with regard to the interlocutory orders which are passed, we have got two classes, as I said, of which one is appealable and the other is non-appealable. Now, Sir, with regard to the appealable order, the High Courts have differed. One set of High Courts have held that, as there is a remedy by way of appeal, you should not be entitled to invoke the revisional jurisdiction of the appellate court. Other courts have held that, although you may have a remedy in the form of an appeal, yet if you are going to follow the procedure laid down for an appeal against an appealable order, as we all know, it will take a considerable time before you can get a hearing. Therefore, on that ground, the High Court of Bombay held that, even if an order is an appealable order, yet, if the urgency of the case requires that we should extend our revisional power, we shall do so; because, Sir, sometimes an interlocutory order is made and any delay in the final disposal of that order may involve very serious consequences to both parties. I will give the House one instance. Here an order was made with regard to the amendment of the plaint. The lower court refused the plaintiff's application for an amendment of the plaint. The High Court of Madras set aside the order in revision and directed the plaint to be amended. Well, now, supposing the plaint was not allowed to be amended, as the lower court refused the amendment, what would have been the consequence? That both parties would be obliged to proceed on the original plaint. All the evidence is heard, all the issues are raised and decided, and eventually a decree is passed. Then the plaintiff whose application was refused for the amendment of the plaint is entitled to make his grievance in the Court of Appeal after the final decree. And supposing the Court of Appeal held that the plaint ought to have been allowed to be amended, what happens? You start *de novo*. All the cost, all the trouble and all the time is wasted. Take another case, where the question was, whether an election petition was maintainable at all, and the lower court held that it was. The Madras High Court set aside the order in revision and dismissed the petition. Now the lower court held that the petition was maintainable. All right, both parties proceed; issues are raised, evidence is taken, considerable time and money is spent, and then you go to the High Court eventually, and they say that the petition is not maintainable. Sir, the

only ground which has been urged in support of this very drastic 1 P.M. change is "law's delay." Sir, may I point out to the Honourable the Home Member, who unfortunately has not been at the Bar, although if he had been I think he would have been one of its ornaments, that he would not have put forward this Bill if he had had practical experience.

The Honourable Sir Alexander Muddiman: I doubt it.

Mr. M. A. Jinnah: I mean he never practised at the Bar otherwise he would not have taken very long to understand this point. The real point, Sir, is, as one of the Honourable Members said, that if you have efficient Judges, if you have competent Judges, no difficulty arises in the administration or the interpretation of this section. I know that the two High Courts of Allahabad and Lahore have taken a different view. They consider—and I must say that it is a most extraordinary view, if I may say so with great respect—they consider that the word “case” in the section does not mean part of the case, and therefore, you can never invoke the jurisdiction of the High Court with regard to any interlocutory orders at all. But of course they stand singular in that attitude and all the other High Courts have held the other way. I can also understand that very well, because the class of cases that happen to come before the Allahabad High Court and the Lahore High Court are mostly of very different character. They are cases where it is very seldom necessary that the revisional jurisdiction should be exercised. But Presidency-towns like Calcutta, Bombay and Madras stand on a very different footing because the class of cases are different. Therefore, what you really want is to secure competent judges. I can tell you from my experience of the Bombay High Court that I do not remember a single case where a rule for revision was granted and was not disposed of for 8 months. First of all I venture to say that no competent judge, if he understands his business, will grant you a rule. I may point out to the Honourable Member that one has to make out a case—a very strong case indeed—before a rule is granted. You have to make out that the subordinate Court has “exercised a jurisdiction not vested in it by law”. Surely the High Court Judge can at once see, from the records placed before him, when application for a rule is made, whether it is so or not on the face of it. Then you have to make out that the subordinate Court has “failed to exercise a jurisdiction so vested”. Surely that is not a question of evidence. It is a question of law. Next, you have to make out that it “acted in the exercise of its jurisdiction illegally”. That is not a question of evidence. The only matter where you have to deal with evidence is in the case of “material irregularity”. That may be a question where you may have to refer to evidence to see if the lower court has acted with material irregularity. Otherwise, all the other provisions are questions of law and I venture to say that no High Court Judge who understands his business or who is competent to preside over the High Court would grant a rule in a hurry and these powers are exercised most sparingly and cautiously. I can assure my Honourable friend that sometimes applications were made before our late Chief Justice, Sir Norman Macleod and let me tell you they were disposed of in ten minutes.

The Honourable Sir Alexander Muddiman: At the time of hearing. But when were those applications put in? How long was the case in the lower courts pending?

Mr. M. A. Jinnah: My Honourable friend has not understood the matter.

The Honourable Sir Alexander Muddiman: He has.

Mr. M. A. Jinnah: No, he has not. I will repeat it for the benefit of my Honourable friend and leave the House to see whether he has understood it. My point is this, that you, first of all, apply for a rule to show

[Mr. M. A. Jinnah.]

cause why this order should not be set aside. First of all, you have to satisfy the Court that it comes within the terms of this section before it is granted. In the first instance no rule will be granted, in other words, let me make it clear to the Honourable the Home Member that your application will be summarily dismissed. Do I make myself clear? It is only after the rule is granted that the other side gets a notice to show cause why this order should not be set aside. Then comes the hearing of the rule and it is with regard to the pendency of the hearing of the rule that the Civil Justice Committee is talking of delay. Now, as regards that delay, I cannot understand which High Court it was that granted the rule which was kept pending for 8 months. A rule in the terms of section 115 is a matter of urgent importance—the interlocutory order is so palpably wrong and therefore the rule is granted, and that rule should be allowed to remain pending for eight months. Well, the Judge who did that and the High Court that did that has no business to exist and you had better put better judges on the High Court then. (*An Honourable Member*: “Hear, hear.”) Sir, I know this perfectly well. Speaking from my experience of many years at the Bar in Bombay, it is the most difficult thing to get a rule granted to you and the public know it perfectly well and the profession know it perfectly well. And let me tell you that, unless it is a very, very strong case Counsel will never advise his client to apply for a rule because he knows that he will never get it. I have dealt with one ground of delay. But what does the Civil Justice Committee say? It says this:

“It is very difficult to determine with reference to each High Court whether on the whole this jurisdiction is an advantage or a disadvantage . . . ”

It cannot determine.

“The statistics which are compiled for the purpose of administration reports are completely useless for the purpose of founding an opinion on this subject.”

And yet we are told seriously that, because they may have come across one or two or three instances,—we do not know how many instances, we cannot make out from the report—and there was undue delay in those cases, therefore the High Courts throughout the whole of India should submit to this drastic change. Sir, a much stronger case should be made out before a drastic change of this character can be accepted, which purports to take away a most statutory provision which gives the High Courts the power to correct errors in a speedy manner. If this Bill is passed the result will be that interlocutory orders can be challenged only on the ground that the lower court has exercised jurisdiction not vested in it by law; but it shall no longer be open to any one to challenge that order on the other two grounds, namely, that the lower court has failed to exercise the jurisdiction so vested. Why not? What is the reason? Why do you cancel the one and not the other? And again it will no longer be open under the Bill to invoke the jurisdiction in cases where the lower court has acted in the exercise of its jurisdiction illegally or with material irregularity. If I have the right to go to the High Court in revision and complain that the lower court has exercised jurisdiction not vested in it by law, why do you want to deprive me of satisfying the High Court on the other two grounds? If a man wants to complain that the lower court has failed to exercise jurisdiction vested in it, what is his remedy? He cannot go in revision. Why do you also debar him if he can make out

a case that the lower court has acted in the exercise of its jurisdiction, illegally? Why should he be debarred? Why should he wait until the decree is passed? With regard to the last point of the Honourable Member, sub-clause (2) of clause 2 says:

"Nothing in this Code, and nothing in the Letters Patent of any High Court shall be deemed to confer upon any High Court any power to revise any decree or order which such court is not empowered to revise under this section."

Here again I would respectfully point out to the Honourable the Law Member that one view is this—that section 107 of the Government of India Act is only of an administrative nature. The Civil Justice Committee say that both the Lahore and the Calcutta High Courts appear to have extended their jurisdiction under section 15 of the Charter Act—this is the same as section 107—and to have exercised under that section powers other than those of a merely administrative nature. In other words, one view is that section 107 gives powers merely of superintendence in matters of an administrative nature. In other words it has not got judicial power. Those are the two conflicting views. The High Courts have held that section 107 is not merely a power of an administrative nature but the word 'superintendence' gives them power to judicially interfere with the lower courts and the words are so interpreted. So some High Courts have held, rightly or wrongly, under this section that they have the power to revise the orders of the lower court independently of section 115 of the Civil Procedure Code. If that is correct, now, so far as these High Courts are concerned, what will be their position? Their position under this will be that they will have to abandon that view. They cannot decide anything else except according to this Bill. But if they have the power, says the Honourable the Law Member, this Bill does not seek to take away those powers. Why? Well, if they have the power what is the use of this Bill of yours? What is it worth? Is this Bill merely the interpreting Bill? The High Court Judge will say, "what does it matter about the Civil Procedure Code, I have the power under section 107 of the Government of India Act, which is a parliamentary statute, of superintendence; I will exercise my revisional powers". What is there to prevent it? Now let us consider. As the old law stands, is there anything which a competent High Court cannot regulate and deal with if it is only a question of delay? That is what it really comes to. Because these powers are there, why are we to assume that those powers will be wrongly exercised and that the High Court will lend itself to granting rules for the mere asking? Why should we assume that? All that the Civil Justice Committee seems to be obsessed with is the idea that they are going to do away with the law's delays in this world. You find nothing else but that idea, which appears to have been a nightmare with them. But we find no data for it. And yet that seems to be the underlying principle of this recommendation. The Honourable the Home Member has been lured into it and he has undertaken this legislation. Surely the Honourable the Law Member knows perfectly well that this section 115 is very cautiously and very rarely applied. As far as the Bombay High Court is concerned I know it is, and the judges are fully alive to the position, and it is very difficult, I can assure you, to get a rule from the High Court of Bombay. I believe also we have competent Judges in Calcutta and in Madras and Allahabad. As regards the rest, we have only recently been getting their decision officially and therefore I am not in a position to pronounce any judgment upon them (Laughter). I therefore do hope that this House will not pass this Bill and I hope the

[Mr. M. A. Jinnah.],

Honourable the Home Member will not press it. If he is really in earnest about this Bill, let him get some more materials and place them before us on the ground of delay. Show me, convince me with figures showing that, say in Calcutta, Bombay, Madras and Allahabad, so many rules were granted in the course of the last so many years, that those rules were allowed to hang on for 8 months or a year. Show us figures and convince us of that, and then I am prepared to consider the matter.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Sir, the matter has been thoroughly threshed out in the speeches already delivered and I see the Honourable the Home Member is in a hurry to reply. I will, therefore, not be long. One or two points I specially wish to mention. The Honourable the Law Member has in fact conceded the whole argument advanced on this side of the House. He said that there may sometimes be cases where, if no revision is allowed, the object of the amendment may be defeated: instead of expediting the business of the court long delays might occur and the trial might have to be begun afresh. But he says more often the trial is delayed by the application for revision having been admitted. That assumes that the application for revision has been wrongly admitted. I think—and in this I agree with my friend Mr. Jinnah—that the admission or rejection of an application for revision may well be left to the High Court which has to deal with it. It is for the court to decide whether a *prima facie* case has been made out which calls for the exercise of the special revisional jurisdiction vested in it by law. I also bear out my friend Mr. Jinnah about the actual practice. So far as the practice goes in the Allahabad High Court, Judges are more inclined to refuse a rule than to grant it unless of course they see no other course is open. Besides the cases that have been mentioned, there are certain other classes of cases in which no appeal is given by the law. I am talking of cases which arise not under the Code of Civil Procedure but under various other Acts, for instance, the Succession Act, the Guardian and Wards Act, Religious Endowments Act. All the orders passed under these Acts are not appealable. But many important orders, having far-reaching effect, can be passed and are passed daily under those and other Acts and if they are not to be dealt with under the revisional jurisdiction of the High Court, there is absolutely no remedy for the aggrieved party. There was a case where a Court refused to confirm a sale under section 312 of the Code believing that it had no power to do so, after the purchaser objected to the sale on the ground of misrepresentation. It was held by their Lordships of the Privy Council that the case was one in which the Court had failed to exercise jurisdiction vested in it by law and the decision was therefore subject to revision under the present section. Now, if this amendment is carried, the case would not be covered by the section as it is now proposed to be altered by the amendment, because a refusal to exercise jurisdiction in regard to orders is expressly excluded. Now, Sir, that is a very important matter and the illustration tends to show the necessity of the application of the rule to all interlocutory orders where of course they satisfy one of the three conditions, *viz*, where a jurisdiction not vested in the court has been exercised or where the court has failed to exercise jurisdiction so vested or where illegality or material irregularity has been committed. There is absolutely no reason why one class of cases should be judged by one standard, and another and far more important class should be treated differently. The House will

bear in mind that there are very few decrees that are not open to appeal and those few decrees that are not open to appeal are comparatively of less importance than the many very important orders that are asked for day after day in courts, involving very large amounts of money and sometimes very important rights. If there is any reason to enlarge the jurisdiction in any class of cases, I submit it is in the class of cases which comes under orders final or interlocutory. As I have submitted, there are many final orders, under the various Acts which I have referred to, which are not appealable and there is no remedy at all. If we take away that remedy now, there will be no provision at all in the law to carry them to the High Court. The whole argument, Sir, is based upon the law's delays. Now I can assure the House that so far as the Allahabad High Court is concerned, there need absolutely be no fear of that, because only last week no less than 45 first appeals were dismissed by one bench in one day. As for cases of revision, they sometimes take two minutes each. What I submit is that the jurisdiction itself is more or less discretionary and you cannot lay a case before any High Court in which the High Court will feel itself by the terms of the law compelled to take action. It has to go further and see whether any injustice would be done by not taking action. In the case of interlocutory orders, I know that applications have been refused time after time on the ground that the matter will be considered when the case comes up on appeal from the final decree. There is no reason, therefore, why this innovation should be introduced into the law, and I agree with Mr. Srinivasa Iyengar that instead of clarifying the law it simply mystifies it.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

Mr. President: The House will now resume further discussion of the motion by the Honourable Sir Alexander Muddiman:

“That the Bill to amend the Code of Civil Procedure, 1908, for certain purposes, (amendment of section 115), be taken into consideration.”

The Honourable Sir Alexander Muddiman: Sir, I must confess that I should have hardly thought a Bill of this character would have excited so prolonged a debate, but I had forgotten that this House is very largely composed of exceedingly able lawyers. I am sure the House is greatly indebted to them for the opinions we have had to-day on the many interesting points which have come up for consideration. Sir, I propose, with the permission of the House, to deal first with one of the points which was taken last. That is, if I understood the arguments of my Honourable friends opposite, or some of them, they say the Bill is wholly innocuous in that it does not affect the power of the High Court under section 107, and therefore, whatever happens, the power of revision remains. If that is so, Sir, it seems a little curious that my Honourable friends who have spoken on the Bill should have devoted quite so much attention to demolishing the merits of the Bill

Mr. M. A. Jinnah: Sir,

The Honourable Sir Alexander Muddiman: I do not give way, Sir. If my Honourable friend wishes to make a personal explanation, I will give way.

Mr. M. A. Jinnah: The Honourable Member is misrepresenting me. So far as I am concerned, all I said was this, that certain High Courts have held that under section 107 of the Government of India Act they have not only administrative jurisdiction but judicial powers to revise. That has been held by a High Court. Either that is good law or bad law. If it is good law, then it is no use your bringing in this Bill.

The Honourable Sir Alexander Muddiman: I am interested in my Honourable friend's remarks, but Mr Jinnah was not the only speaker on that side. The argument I am refuting was used by other speakers. Mr. Jinnah, as I understand him, on this point has correctly stated the law, but the argument was used in other quarters that, as the Bill purported to deal inefficiently with 107, the Bill was unnecessary and would have no effect on the law, and, that being the case, I was rather surprised that it was so violently opposed.

I will now deal with Mr Jinnah. The power conferred by the Code and the power conferred by section 107 are not, if I may submit in all humility to this House, entirely co-extensive. The courts are, it is well known, far more cautious in invoking their power of superintendence than in invoking their power of revision. I appeal to any lawyer in this House to say if I am not correct. When the courts act under 107 they move rather delicately, about as delicately as they do when they take proceedings in contempt. That is a point which I think the House should bear in mind. Now, Sir, so much eloquence has been spent on this Bill that I am more convinced of its merits than I was when I introduced it. (Laughter) I cannot help feeling that, if my legal friends feel it is going to cut into their practice to this extent, then there must be more in the Bill than I thought. Now my Honourable friend, Mr Jayakar, imparted, if I may say so, or endeavoured to impart a slight tinge of political life into this Bill. I admire him for doing it, for a drier Bill I have never had to deal with. (Laughter) Willing as I am on all occasions to assume the Machiavellian intention of the Executive to interfere in all matters, I cannot really see in the reduction of the power of the High Court to interfere by way of revision in civil proceedings, any manifestation of that doubtless dangerous process. He said, Sir, that he took his stand on the line that nothing should be done to impair that palladium of British justice, the High Court. I agree, Sir, he did not use the word "palladium" but he evidently intended to and I do. Nothing will give me greater pain than that this very small Bill is going to do anything of the kind, for in that enlightened province from which one of the leaders of this House comes they do suffer from this disability that, in so far as this Bill is concerned, the Courts there do not interfere with interlocutory orders for that is the existing law in that province. Mr. Jayakar, living as he does in the enlightened province of Bombay, has the confidence to hold an opinion of the law to be reactionary which does not apply to a province which I regard as equally enlightened. So I think I have disposed of the argument as to a Machiavellian scheme on the part of Government in bringing forward this very simple Bill which is entirely of legal importance.

Now I am somewhat surprised—I really am—that the question of the reconciliation of differences between the High Courts should be treated so lightly. I must confess it is new to me that it is desirable that the High Courts of different Provinces should crystallise different forms of law. In fact, I have often been urged to terminate differences between competing High Courts and one of the arguments that has been much pressed by

those who have urged the establishment of a Supreme Court of Appeal in India is that that kind of difference will, under their proposals, be terminated without necessity for legislation. I am not addressing my remarks to my Honourable friend, Mr. Jinnah, who did not use that argument. Now, Sir, it is said that competent judges dispose of these matters very readily and I am quite prepared to admit that. But if I am quite prepared to admit the argument I have heard from one side of the House, I have heard from the other side of the House that we have no competent judges. There seems then to be some difference of opinion. Might I point out to many of our leading lawyers who sit in the Assembly—that it is exceedingly difficult to get them to assist us in the judicial department?

There is one little point I would like to bring to the notice of the House. I have a few statistics here. I did not lay them before the House but I think now, in view of the arguments adduced, I must mention them in my reply. The argument was that there are very few of these cases and that they do not amount to very much; they are heard very promptly and there is really very little obstruction of justice. Unfortunately, I am not in possession of complete figures, but I have the figures for two important High Courts. It is perfectly true—here I must agree with my Honourable friend, Mr. Jinnah—that the Bombay High Court is, shall I say—very reticent in using their powers of revision. There are other High Courts however who are not so reticent; and the figures are not very reassuring. In Madras there were 1,221 of these applications, while in the Bombay Presidency there were 108 in the course of a year. The figures are for 1923 and 1924 respectively. Taking the 1923 figures for Madras, the number admitted was 1,008, the number dismissed was 213; and, when they came on for final hearing, 189 were allowed and 569 were rejected.

Mr. M. A. Jinnah: Does it apply to interlocutory orders?

The Honourable Sir Alexander Muddiman: Certainly.

Mr. M. A. Jinnah: All?

The Honourable Sir Alexander Muddiman: Yes, certainly. In Bombay there were 108. My Honourable friend was kind enough to point out to me and he rightly corrected me—(though I was misled by what the Honourable Member said into what is always a very dangerous thing—a rash interruption into intervening on a bad point—he was in fact correct in stating that the delay occurs not on the motion of revision but after a rule has issued. However, I have some interesting figures which show the actual time that was taken by these applications when they did come in the Bombay Court for final disposal. The minimum time of an application of this kind for revision which was finally heard out was 10 months and 7 days, and the maximum was one year and five months; the average was one year and one month.

Mr. A. Rangaswami Iyengar: That is Bombay?

The Honourable Sir Alexander Muddiman: That is Bombay. I am sorry I have not got the figures for Madras. So I think there is something to be said, for the point of view that, when unfortunately these interruptions or stays of proceedings do take place, they do lead to very serious delays.

Now, Sir, it was said “Why do you cut into the jurisdiction of these High Court Judges who exercise their powers of revision very carefully? You must be very careful how you do it.” I agree. But why is it then

[Sir Alexander Muddiman.]

that the majority of our judges are in favour of our cutting into their powers." That seems to be a point not without interest. The bulk of judicial opinion consulted is in favour of the reduction of the power.

The next point I have to make is this: it was said that one of the most efficient judges in the disposal of these applications—and I bear testimony to that fact—was Sir Norman Macleod, the late Chief Justice of the Bombay High Court. It was this very Sir Norman Macleod who assisted the Civil Justice Committee in drawing up this recommendation.

Mr. M. A. Jinnah: Is there any evidence?

The Honourable Sir Alexander Muddiman: Merely the statement of the Civil Justice Committee

Mr. M. A. Jinnah: What is that paragraph?

The Honourable Sir Alexander Muddiman: Did the Honourable Member wish to verify the reference? I assure him I am not deceiving him. I quote the actual passage:

"We would accordingly remodel the section by basing it upon the well-defined distinction between "decrees" and "orders" as was suggested to us by the Chief Justice of Bombay."

Now, Sir, there was another point that really rather pained me. Reflection was made on the ability—I think I may almost say—honesty of the members of the Civil Justice Committee. Now, is that right? Is that reasonable? Are you going to discredit them because you do not like this particular proposal—are you going to say that the men who held the posts that these men held are to be treated in this way? (*An Honourable Member:* "Their honesty is not challenged.") Their competence. (*An Honourable Member:* "Yes.") Well, Sir, I will leave the point about honesty. I will take up the point of competence. Sir, the President of this Committee was Sir George Ranken, a judge known, I think in all parts of India, as a very distinguished lawyer. At present he is the Chief Justice of the High Court of Judicature at Fort William in Bengal, a court which at any rate has received some favourable comments in the course of its long and somewhat chequered career. He, Sir, was the President; and I think whatever may be said on the merits or demerits—and I do admit that this is a matter that I should like to see argued out by lawyers on arguments that appealed to them: it is a question on which two opinions are quite possible. I quite admit that. But it is not the sort of question where you should begin to throw stones at people who devoted their time—they may be right or they may be wrong; but they are persons of competence; they are expert persons—to throw stones at them because they put forward proposals you do not agree with, is not quite right. Indeed I prefer to follow Sir George Ranken rather than some of my friends opposite.

My Honourable friend and colleague explained certain difficulties in connection with the Bill and I have no doubt that he has satisfied many members in connection with the doubts that they felt. He pointed out that the Bill is a narrow Bill, that it only affects orders, not decrees, although it has been said and argued with force—and I agree that some of the arguments that were put have to be considered—that we have gone too far. Still, I do contend that this Bill is one which this House ought to take into consideration. It is a Bill in the interests of the poor. As my Honourable friend has said these revision applications are more available to the rich than to the poor; and the figures before me prove that this is a Bill which this House should not throw out at this consideration

stage; it should allow it to go forward with any necessary amendments; but by throwing it out at this stage this House will take the line that it is in favour of delayed justice which is denied justice. (Applause.)

Mr. President: Order, order. The question I have to put is:

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes (Amendment of Section 115) be taken into consideration."

The Assembly divided:

AYES—42.

Abdul Aziz, Khar Bahadur Mian.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid
Ayyangar Mr. V. K. A. Ayyanudha.
Bhote, The Honourable Mr. J. W.
Clow, Mr. A. G.
Contman, Mr. J.
Cocke, Mr. H. G.
Crawford, Colonel J. D.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Evans, Mr. F. B.
Gavin Jones, Mr. T.
Ghulam Kadir Khan Dakhan, Mr.
W. M. P.
Gidnev, Lieut Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.

James, The Honourable Sir Charles.
Jawahir Singh, Sardar Bahadur
Sardar.
Kabil Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Lamb, Mr. W. S.
Littlehales, Mr. R.
Macphail, The Rev. Dr. E. M.
Mittra, The Honourable Sir Bhupendra
Nata.
Moore, Mr. W. A.
Muddiman, The Honourable Sir
Alexander
Nasir ud din Ahmad, Khan Bahadur.
Parsons, Mr. A. A. L.
Roy, Mr. K. C.
Roy, Sir Ganen.
Rathnaswamy, Mr. M.
Sassoon, Sir Victor.
Singh, Rai Bahadur S. N.
Sykes, Mr. B. F.
Tonkinson, Mr. H.
Young, Mr. G. M.

NOES—58.

Abdul Hafe, Mr.
Abdul Latif Sahib Farookhji Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami
Anev, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar Mr. M. S. Sesha
Badi-uz-Zaman Maulvi
Belvi, Mr. D. V.
Birla, Mr. Ghanshyam Das.
Chaman Lal, Mr.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit Nilakantha
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Ghazanfar Ali Khan, Raja.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai N.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jinnah, Mr. M. A.
Jogiah, Mr. Vafahagiri Venkata.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. Dharendra
Kanta.

The motion was negatived.

Lajpat Rai, Lah.
Mehta, Mr. Jannada M.
Misra, Mr. Dwarka Prasad
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtaza Sahib Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Phookun, Srijut Tarun Ram.
Prakasam, Mr. T.
Rahimtulla, Mr. Fazal Ibrahim.
Rang Behari Lal, Lal.
Runga Iyer, Mr. C. S.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Roy, Rai Bahadur Tarit Bhusan.
Sarda, Rai Sahib M. Harbilas.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Ambika Prasad.
Sinha, Mr. Siddheswar.
Thakur Das Bhargava, Pandit.
Vishindas, Mr. Harchandrai.
Yakub, Maulvi Muhammad.
Yusuf Imam, Mr.

THE INDIAN REGISTRATION (AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move:

"That the Bill further to amend the Indian Registration Act, 1908, for a certain purpose, be taken into consideration."

Sir, I do not propose to detain the House with any arguments on this Bill. They were stated fully by me when I moved for leave
3 p.m. to introduce the Bill I move that the Bill be taken into consideration.

The motion was adopted

Clauses 2 and 1 were added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Alexander Muddiman: I move, Sir, that the Bill be passed

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 3rd February, 1927.

LEGISLATIVE ASSEMBLY.

Thursday, 3rd February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBER SWORN.

Rao Bahadur N. A. Gopalaswami Aiyangar, M.L.A. (Madras: Nominated Official).

QUESTIONS AND ANSWERS.

RELEASE OF POLITICAL PRISONERS.

32 ***Mr. C. Duraiswamy Aiyangar:** (a) Will the Government be pleased to state the number of prisoners who are now undergoing imprisonment under the Bengal Ordinance and the place where they are kept?

(b) Will the Government be pleased to state whether any or all of them will either be released or brought to trial in a court of law?

(c) Has the Government any idea of releasing Sriji Subash Chandra Bose now that he has been elected to the Bengal Legislative Council? Will he be permitted to attend the sessions of the Council even if he be not released?

The Honourable Sir Alexander Muddiman: (a) and (b) I would refer the Honourable Member to the answer I gave in this House on the 31st January to Mr. M. A. Jinnah's question No. 147.

(c) Mr. Subhas Chandra Bose is detained under the Bengal Criminal Law Amendment Act. The Local Government have refused to allow him to attend the session of the Bengal Legislative Council and the mere fact of his election to the Council does not afford sufficient ground for his release. This question must be decided in accordance with the general principles I stated in answer to the question to which I have just referred.

Mr. C. Duraiswamy Aiyangar: May I know from the Honourable the Home Member whether his seat will be declared vacant if he is absent for more than three months?

The Honourable Sir Alexander Muddiman: I should like to reply to that question when the Honourable gentleman has been absent for three months.

IMPROVED PLATFORM FOR GUDUR JUNCTION STATION.

33. ***Mr. C. Duraiswamy Aiyangar:** (a) Are Government aware that Gudur Junction is crowded with passenger traffic for all the trains?

(b) Are Government aware of the inconvenience felt by the passengers in getting into the trains on account of the low platform?

THE INDIAN REGISTRATION (AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move:

"That the Bill further to amend the Indian Registration Act, 1908, for a certain purpose, be taken into consideration."

Sir, I do not propose to detain the House with any arguments on this Bill. They were stated fully by me when I moved for leave
3 P.M. to introduce the Bill I move that the Bill be taken into consideration.

The motion was adopted

Clauses 2 and 1 were added to the Bill.

The Title and the Preamble were added to the Bill

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The motion was adopted

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(b) Are Government aware of the inconvenience felt by the passengers in getting into the trains on account of the low platform?

(c) Have Government any idea of remodelling this station at least to the extent of raising the platform to the level of the compartments in the trains? If so, when will this be done?

Mr. A. A. L. Parsons: Government have no information but the suggestion contained in the Honourable Member's question will be conveyed to the Agent, Madras and Southern Mahratta Railway

GOVERNMENT PROPOSALS RE TANJORE DISTRICT BOARD RAILWAY.

34. ***Mr. C. Duraiswamy Aiyangar:** (a) Will the Government be pleased to state what is the final outcome of the negotiations between Mr. Parsons and the Tanjore District Board regarding the District Board Railway?

(b) Will the Government be pleased to state whether and when this Assembly will be given an opportunity of discussing the proposals of the Government of India regarding the said negotiations?

(c) Will the Government be pleased to state the total amount invested by the Tanjore District Board over its Railways and the amount till now collected as Railway cess from the rate-payers?

Mr. A. A. L. Parsons: (a) and (b) The Government of India have made the Tanjore District Board an offer on certain terms for the transfer of the railway to the Government of India, which holds good until the 31st of last month. We have not yet heard whether the District Board propose to accept it. If they do accept it, I intend to lay the matter before the Standing Finance Committee for Railways at an early opportunity.

(c) The capital outlay up to the end of 1925-26 was just over 68 lakh. We have no information as to the amount collected as railway cess

ACTION TAKEN BY GOVERNMENT ON RESOLUTIONS OF LAST ASSEMBLY.

68. ***Mr. C. Duraiswamy Aiyangar:** Will the Government be pleased to lay on the table a statement showing the Resolutions passed by the last Assembly, the Resolutions accepted by the Governor General in Council, the extent of the effect given to the accepted Resolutions and the reasons for the non-acceptance of the other Resolutions.

Mr. L. Graham: The Honourable Member is referred to the reply given to Mr. Gaya Prasad Singh's starred question on the 21st January, 1926, printed on pages 31-34 of the Legislative Assembly Debates, Volume VII, Part I.

A statement showing the Resolutions adopted by the Legislative Assembly and the action taken by Government thereon during the Delhi and Simla sessions 1926 is laid on the table.

For the reasons for the non-acceptance of the other Resolutions, I must refer the Honourable Member to the official reports of the debates on those Resolutions.

Statement showing Resolutions adopted by the Legislative Assembly during the Delhi and Samla Sessions, 1926, and action taken by Government thereon.

1 Serial No.	2 Date on which moved.	3 By whom.	4 Subject of Resolution.	5 Depart- ment concerned.	6 Action taken by Government.
1	26-1-26	Maulvi Moham- mad Shafee.	Release of politi- cal prisoners.	Home	Copy of the debates was forwarded to the Secre- tary of State.
2	28-1-26	Kumar Ganga- nand Sinha.	Unemployment among the middle classes	I. & L.	The attention of Provin- cial Governments has been drawn to the Reso- lution in the Department of Industries and Labour letter No L-1873, dated the 26th May, 1926, which has been pub- lished.
3	9-2-26 & 16-2-26	Mr. Amar Nath Dutt.	Disallowance of the Burma Ex- pulsion of Offenders Act, 1925.	Home	Attention is invited to Burma Act IV of 1926.
4	16-2-26 18-3-26 & 19-3-26	Maulvi Sayyid Murtaza Sahib Bahadur.	Reforms in the North-West Frontier Pro- vince.	F. & P.	The question is under con- sideration.
5	17-2-26	Honourable Sir Charles Innes.	Supplementary protection to the tinsplate in- dustry.	Commerce	(1) A Notification No 260-T.(57), dated 27th February, 1926, under Indian Tariff Act was issued raising the import duty on Steel tinsplates and tinned sheets including tin tag- gers from Rs. 60 per ton to Rs. 85 per ton and (2) a Notification No. 5, dated 27th Feb- ruary, 1926, under Sea Customs Act was issued reducing import duty on tin block from 15 per cent. <i>ad valorem</i> to a specific duty of Rs. 250 per ton.
6	17-2-26	Honourable Sir Charles Innes.	Customs duty on lac exported from India.	Commerce	A Notification was issued on the 20th February, 1926, declaring that sec- tions 2 to 6 of the Indian Lac Cess Act, 1921 (XIV of 1921), shall continue in force until the 31st December, 1931.
7	18-2-26 & 18-3-26	Honourable Sir B. N. Mitra.	Ratification of the draft con- vention of the 7th Internation- al Labour Con- ference re com- pensation for occupational diseases.	I. & L.	A copy of the Resolution has been forwarded to the Secretary-General of the League of Na- tions.

Statement showing Resolutions adopted by the Legislative Assembly during the Delhi and Simla Sessions, 1926, and action taken by Government thereon--contd.

1 Serial No.	2 Date on which moved.	3 By whom.	4 Subject of Resolution.	5 Depart- ment concerned.	6 Action taken by Government.
8	18-3-26	Honourable Sir Basil Blackett.	Reduction of the export of opium.	Finance (C. B. R.)	In a press communique issued by the Finance Department (Central Revenues) on the 12th June, 1926, the Govern- ment of India announc- ed their decision to ex- tinguish exports of opium to the Far East in 10 years. The first 10 per cent. reduction in the quantity exported will be made in 1927 and no opium will be exported from India for purposes other than medicinal and scientific after December 31st, 1935.
9	19-3-26	Sir P. S. Siva- swamy Aiyar.	Scheme for the establishment in Indian waters of a training ship for deck officers.	Commerce	In August 1st, the Assembly voted a sum of Rs 2 lakhs for the establishment of a training ship in Indian waters and it is hoped to start the School in September, 1927.
10	22-3-26	Mr. J. W. Bhore	Emigration of Indian labour- ers to British Guiana.	E. II. and I.	The terms of the Resolu- tion passed have been communicated both to the Secretary of State for India and the Gov- ernment of British Guiana. The scheme approved therein has not yet come into op- eration as the Govern- ment of British Guiana have not yet intimated the date from which they desire that the emigration of labour for unskilled work to that Colony should commence.
11	1-9-26	Mr. N. M. Du- masia.	Removal of dis- qualifications to the admission of women as Members of the Assembly.	Home	The necessary Regula- tions were issued with the Legislative Depart- ment Notification No. F. 26-X--26-A, dated the 3rd September, 1926.

ACTION TAKEN ON RETRENCHMENT COMMITTEE'S RECOMMENDATIONS.

69. ***Mr. C. Duraiswamy Aiyangar:** Will the Government be pleased to lay on the table a statement showing the retrenchment effected till now in pursuance of the recommendations of the Retrenchment Committee (Lord Inchcape Committee) and the reasons for not giving full effect to the recommendations till now in cases in which it was not so given effect to?

The Honourable Sir Basil Blackett: Statements showing the action taken on the recommendations of the Retrenchment Committee have from time to time been placed before the House. Up-to-date information is being collected and will be laid on the table in due course.

APPOINTMENT OF COUNCIL SECRETARIES.

70. ***Mr. C. Duraiswamy Aiyangar:** Have any Council Secretaries been appointed till now under the provisions of section 43-A of the Government of India Act? If not, why not?

The Honourable Sir Alexander Muddiman: (1) No.

(2) The appointment of Council Secretaries is at the discretion of the Governor General. For the reasons why the Government of India has not advised the Governor General to exercise his discretion the Honourable Member is referred to the Honourable Sir William Vincent's speech in the Legislative Assembly dated the 28th March, 1922, on the Resolution of Mr. R. A. Spence on the subject, and to the vote of the Assembly on that occasion.

INDIAN CHRISTIANS IN ECCLESIASTICAL DEPARTMENT.

71 ***Mr. C. Duraiswamy Aiyangar:** (a) Will the Government be pleased to state how many Indian Christians occupy places of importance in the Ecclesiastical Department?

(b) Is it not possible to have the whole Department filled by Indian Christians?

(c) Have the Government any idea of relieving the Indian tax-payer from the duty of maintaining the Ecclesiastical Department?

The Honourable Sir Charles Innes: (a) and (b) There are Indian Clergymen in the Church of England in India, but those Clergymen who are borne in the cadre of the Indian Ecclesiastical Department are recruited at home by the Secretary of State in Council, and it is not proposed to alter this system of recruitment.

(c) The views of the Government on this point are contained in the circular letter of the Government of India in the Commerce Department to Local Governments, which was published in the Gazette of India on the 23rd October, 1926.

Lieutenant-Colonel H. A. J. Gidney: Will the Honourable Member kindly inform me, with reference to (b) of question No. 71, how many Anglo-Indians are employed in the Ecclesiastical Department?

The Honourable Sir Charles Innes: As far as I know there are no Anglo-Indians on the cadre of the Indian Ecclesiastical Department.

RAILWAY COMMUNICATION TO BADRI NARAYAN.

72. ***Mr. C. Duraiswamy Aiyangar:** (a) Are Government aware that the Hindu pilgrims to the holy shrine of Badri Narayan are put to hardship for want of railway communication to that shrine?

(b) Have the Government any idea of opening any such communication in the near future? If not, why not?

Mr. A. A. L. Parsons: (a) Government recognise that a certain amount of inconvenience is caused to the Hindu pilgrims for want of railway communication to Badri Narayan.

(b) A proposal for a railway from Rikhikesh to Karanprayag is under investigation.

APPOINTMENT OF INDIAN TO RAILWAY BOARD.

73. ***Mr. C. Duraiswamy Aiyangar:** Will the Government be pleased to state if any Indian has been put on the Railway Board?

The Honourable Sir Charles Innes: No, Sir.

RULE RE MOTION OF NO CONFIDENCE IN PROVINCIAL MINISTERS.

74. ***Mr. C. Duraiswamy Aiyangar:** (a) Will the Government be pleased to state why the rule relating to the motion for raising a discussion on a vote of no confidence in the Ministers in the Local Councils was changed so as to require a larger number for demanding the discussion?

(b) Will the Government be pleased to state which Government took the initiative in asking for a change of the rule?

(c) Will the Government be pleased to lay on the table the correspondence between this Government and the Secretary of State on the subject?

Mr. L. Graham: (a) The Honourable Member apparently misunderstands the position. Provision for the moving of a motion expressing want of confidence in a Minister was made for the first time in rule 12-A of the Provincial Legislative Rules. It cannot, therefore, be said that the rule was changed so as to require "a larger number for demanding the discussion". If the Honourable Member means to inquire why this rule requires a larger number of members to be in favour of leave being given than is required under the Standing Orders of the various Councils in the case of a motion for the adjournment of the Council for the purpose of discussing a definite matter of urgent public importance, he will find the answer in paragraph 80 of the Report of the Reforms Inquiry Committee, 1924.

(b) No Government took the initiative in regard to the making of rule 12-A. The rule was made as the result of the recommendation contained in the paragraph of the Report of the Reforms Inquiry Committee to which I have already referred.

(c) Government regret that they are unable to lay the correspondence on the table.

Mr. A. Rangaswami Iyengar: May I know if it was the intention of the House to make it impossible for a motion of no confidence to be made by this rule?

Mr. L. Graham: Intention of which House?

Mr. A. Rangaswami Iyengar: I want to know whether it was the intention of the framers of the rule that no such motion shall be carried once Ministers are appointed?

Mr. L. Graham: The intention of the rule is that no frivolous motion should be made.

ACTION ON TOKEN OR CENSURE CUTS IN BUDGETS IN 1924, 1925 AND 1926.

75. *Mr. O. Duraiswamy Aiyangar: Will the Government be pleased to state what attention has been paid by the Government on the token or censure cuts made in the Budget demands by the Assembly during the years 1924, 1925 and 1926?

The Honourable Sir Basil Blackett: I place on the table a statement showing what action has been taken.

Statement.

In the budget for 1924-25, there was only one token cut—that of Rs. 100 under the Demand for "Forest". The points brought up in the discussion related to (a) delay in the decision about training Indian Forest Service probationers at the Forest Research Institute and College, Dehra Dun, and (b) rate of Indianisation in the Indian Forest Service. The training of Indian Forest Service probationers commenced at the Forest College, Dehra Dun, from November 1925. As regards Indianisation, out of 16 vacancies filled by direct recruitment during 1925 and 1926, 9 were filled by Indians, 2 by Burmans and 7 by Europeans, while of the 7 vacancies which are anticipated in 1927 and 1928, 6 will be filled by Indians and 1 by a European. Henceforward, recruitment of Indians and Europeans will be in the proportion of 75 : 25.

In the budget for 1925-26, there were token cuts of Rs. 100 each, under the Demands for (a) Taxes on Income (b) Salt and (c) Opium. As regards (a), the question of amending Devolution Rule 15 was discussed at the Conference of Financial Representatives in November last in the light of the recommendations of the Taxation Committee. It is now under the consideration of Government. As regards the cut under (b), the question of making India self-supporting in the matter of salt raised by Mr. Venkatapatiraju in moving the token cut has been under consideration but no final decision has yet been reached. As regards the cut under (c) reference is invited to the Press Communiqué dated the 12th June, 1926, announcing the gradual abolition of the export trade in opium in the course of ten years as well as to the Resolution of the Finance Department (Central Revenues) dated the 17th June 1926, published on pages 716-732 of Part I of the *Gazette of India*, dated June, 19, 1926, regarding the consumption of opium in India. The internal policy of the Government of India in regard to opium has not undergone any modification. The Resolution quoted simply reaffirmed the policy previously in existence. Their external policy had been under consideration independently for some time and the decision mentioned was a direct consequence on their International obligations.

2. On the Railway Budget, there have been the following token cuts :

- (i) One of Rs. 1,000 on a motion by Mr. Joshi in 1925-26 and one of Rs. 100 on a similar motion by Mr. Joshi in 1926-27 to call attention to the necessity of reducing third class railway fares; Government have actually affected reduction on many railways;
- (ii) One of Rs. 100 on a motion by Sardar, V. N. Mutalik in 1925-26, one of Rs. 100 in the same year on a motion by Mr. M. K. Acharya, and one of Rs. 1,000 by Mr. Mahmud Schamnad Sahib Bahadur in 1926-27, to draw attention to Indianisation either of the Railway Board or of the Railway Services. Government have accepted, and so have Companies' railways, the recommendations of the Lee Commission in this respect;
- (iii) One of Rs. 100 in 1926-27 on a motion by Mr. M. K. Acharya, to draw attention to alleged failure to redress the grievances of railway subordinate employes. The grievances alleged are not admitted and no special action has been taken.

CONSUMPTION OF INDIAN AND FOREIGN COAL ON RAILWAYS.

76. ***Mr. C. Duraiswamy Aiyangar**: Will the Government be pleased to state how much of Indian coal and how much of foreign coal are purchased by the Railway companies; and if foreign coal is purchased, the reasons for such purchase?

Mr. A. A. L. Parsons: The Honourable Member is referred to pages 116—117 and 176—177 of Volume II of the Railway Board's Report on Indian Railways for 1925-26. It will be observed therefrom that with the exception of the Jodhpur, Gondal and Cutch State Railways (which are not State-owned Railways) and the Aden Railway, no other Railway consumed foreign coal in 1925-26. The latter Railway, that is the Aden Railway, is permitted to purchase foreign coal as it is practically impossible to obtain freight from India for the small consignments of coal which it requires. Government are not aware of the reasons that led to the purchase of foreign coal by the other three railways in 1925-26.

CONSUMPTION OF OPIUM IN INDIA.

77. ***Mr. C. Duraiswamy Aiyangar**: (a) Will the Government be pleased to state what steps they have taken to reduce the internal consumption of opium as a habit distinguished from medicinal purposes?

(b) Have the Government chalked out any programme for a total stoppage of opium consumption for other than medicinal purposes?

The Honourable Sir Basil Blackett: I invite the Honourable Member's attention to Government of India Resolution No. 4, dated the 17th June, 1926, which fully explains the Government's policy in regard to the consumption of opium in India. The reduction of the consumption of opium in the several provinces is the direct concern of the Provincial Governments and Legislatures, and a transferred subject.

Mr. C. Duraiswamy Aiyangar: May I know if any further steps will be taken this year with regard to the reduction of the local consumption of opium?

The Honourable Sir Basil Blackett: The policy will continue to be operative.

INDIAN STATION MASTERS' QUARTERS.

78. ***Mr. C. Duraiswamy Aiyangar**: (a) Will the Government be pleased to state the dimensions, measurements and description of the quarters of the Indian Station Masters and Assistant Station Masters of the old Madras Railway now in the possession of the Madras and Southern Mahratta Railway Company?

(b) Will the Government be pleased to state the dimensions, measurements and description of the quarters of the Indian Station Masters and Assistant Station Masters of the Madras and Southern Mahratta Railway that have been newly constructed and are being constructed?

INDIAN STATION MASTERS' QUARTERS.

79. ***Mr. C. Duraiswamy Aiyangar**: (a) Has the attention of the Government been drawn to an article published in the *Swarajya* of the 28th May, 1926, under the heading "Station Masters' quarters"?

(b) Do Government intend to take steps to improve their condition?

Mr. A. A. L. Parsons: I propose, with your permission, to answer questions Nos. 78 and 79 together.

The Honourable Member is referred to the answers given to similar questions Nos. 101 and 102, put by the Honourable Mr. N. M. Joshi in the last Simla session of this House. I am having a copy of the statement supplied to Mr. Joshi sent to him separately.

PROVIDENT FUND SYSTEM FOR NON-GAZETTED OFFICERS.

91. ***Mr. C. Duraiswamy Aiyangar:** (a) Will the Government be pleased to state whether there was a proposal to introduce a provident fund system in the place of the present system of pensions to the non-gazetted officers of the Government and, if so, what became of the said proposal?

(b) Is it a fact that opinions were called for about the said proposal from the various Local Governments, and, if so, will the Government be pleased to circulate the said opinions among the Members of the Assembly for their information?

The Honourable Sir Basil Blackett: The general question is still under the consideration of the Government and some time must elapse before a decision can be reached on this complicated case. Local Governments have not yet been addressed and the question of their powers in this respect is also under consideration.

WIDER PUBLICATION OF BILLS AND ACTS.

92. ***Mr. C. Duraiswamy Aiyangar:** (a) Are Government aware that the gazettes of the Government of India as well as those of the Local Governments are read only by the public officers and that they are not read by the public at large and are not within the reach of the masses?

(b) Are Government aware that the publication of Bills and Acts of the Indian Legislature in such gazettes do not really serve the real purposes of publication?

(c) Are Government prepared to make arrangements in future to have the publication made in the vernacular newspapers in each province?

Mr. L. Graham: (a) Government are not in a position to state with any degree of exactitude by what persons other than public officers the Government Gazettes are read.

(b) and (c). The reply is in the negative.

Mr. C. Duraiswamy Aiyangar: May I know, Sir, whether Government is aware of the utter uselessness of the procedure of publishing Bills and Acts only in the Government Gazettes, and may I ask why they avoid publication in the newspapers for the benefit of the public at large?

Mr. L. Graham: I might be allowed, Sir, to finish my answer.

Translations of important Bills and Acts are published in the Local Government Gazettes, and it is open to any newspaper to republish such translations.

Mr. C. Duraiswamy Aiyangar: May I know whether the newspapers do it under the authority of Government or simply as private advertisers of these Bills?

Mr. L. Graham: I cannot answer that question.

LATE PUBLICATION OF INDIAN STAMP (AMENDMENT) ACT OF 1923.

98. ***Mr. C. Duraiswamy Aiyangar:** (a) Are Government aware that the Indian Specified Instruments Stamp Act of 1923 has caused a great deal of loss and hardship to the public by reason of there having been no wide publication?

(b) If not, will the Government be pleased to ascertain how many promissory notes were taken on insufficient stamps and thereby became invalid?

The Honourable Sir Basil Blackett: (a) No. The Honourable Member is presumably referring to the Indian Stamp (Amendment) Act of 1923. Any inconvenience caused by the late publication of that Act was removed by the Indian (Specified Instruments) Stamp Act of 1924.

(b) Does not arise.

Mr. C. Duraiswamy Aiyangar: May I inform the Honourable Member that in spite of this amendment, there have been . . .

Mr. President: The Honourable Member must seek information, not give information.

Mr. C. Duraiswamy Aiyangar: May I ask whether Government has collected any statistics and whether they are aware that, apart from the amendment made of the Stamp Act, there have been cases of hardship?

The Honourable Sir Basil Blackett: I am glad to have the information from the Honourable Member.

REDUCTION OF PASSENGER FARES ON RAILWAYS.

94. ***Mr. C. Duraiswamy Aiyangar:** Will the Government be pleased to state how far the passenger fares on Railways have been reduced till now?

Mr. A. A. L. Parsons: I place on the table a statement showing the reductions in passenger fares which have taken place subsequently to those recorded at page 40 of the proceedings of Meetings of the Standing Finance Committee for Railways, Volume II, No. 6.

Statement showing reduction in passenger fares over the undermentioned Railways

[illegible]

Statement showing reduction in passenger fares over the undermentioned Railways—*contd.*

Railway.	I Class.			II Class.			Inter Class.			III Class.			Date of introduction of revised fares.								
	Previous.	Revised.	Pies.	Previous.	Revised.	Pies.	Mail.	Ordinary.	Previous.	Revised.	Pies.	Mail.		Ordinary.							
North Western	1-300 miles	18	18	9	9	9	No change.	No change.	No change.	{ 3½ 3 3	Pies. 3½ 3 3	Pies. 3½ 3 3	Revised. 3½ 3 3	1st February, 1927.							
	301 miles and over	18	12	9	6	6															
	1-50 miles															
	51-300 miles	...	...	...	...	...										
	301 miles and over	...	...	...	...	...										
South Indian.	1-150 miles	24	24	12	12	12	No change.	No change.	No change.	{	Pies.	Pies.	Revised.	1st January, 1927.							
	151-300 miles	24	18	12	9	9															
	301 and over	18	18	9	9	9															
	1-50 miles	...	...	...	...	...										
	51 and over	...	...	...	...	...										
Nilgiri	Sections.			Class.			Previous fares.			Revised fares.			1st July, 1926.								
	{ Mettupalaiyam to Wellington.			{ I III			{ 90 pies + 11½ to 15 + 24			{ 80 pies 12 24 9											
	{ Wellington to Ootacamund.			{ I III			{ 9			{ 9											

* Descending.

+ Ascending.

INTERMEDIATE CLASS ACCOMMODATION ON AIL TRAINS ON MADRAS AND SOUTHERN MAHARATTA RAILWAY.

95. ***Mr. O. Duraiswamy Aiyangar:** Do Government propose to direct that Inter class may be provided in all the trains on all the routes of the Madras and Southern Mahratta Railway?

Mr. A. A. L. Parsons: No; but we understand that the question of providing Intermediate Class accommodation on additional trains is being discussed by the Agent with his Local Advisory Committee.

MESSAGE FROM H. E. THE VICEROY.

Mr. President: I have received the following communication from His Excellency the Governor General:

(The Assembly received the Message standing.)

"In pursuance of the provisions of sub-section (2) of section 63 C of the Government of India Act, I, Edward Frederick Lindley, Baron Irwin, hereby signify that I approve the election by the Legislative Assembly of Maulvi Muhammad Yakub as Deputy President of the said Assembly.

(Sd.) IRWIN,

Viceroy and Governor General."

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I desire to make a statement in regard to Government business for next week. The days allotted for Government business are Monday, the 7th, and Wednesday, the 9th. On Monday, the 7th, it is proposed to ask for leave to introduce a Bill further to amend the Presidency-towns and the Provincial Insolvency Acts for certain purposes. Thereafter, a motion will be made to take into consideration the Bill further to amend the Indian Limitation Act, 1908 (Article 182); and, if that motion is passed, to pass the Bill. On Wednesday, the 9th, motions will be made for Supplementary Grants. I desire to explain that we had, in arranging our programme, anticipated that the Report of the Select Committee on the Steel Protection Bill would have been submitted by the 31st of January or the 1st of February, and that it would have been possible to take the Bill as reported by the Select Committee into consideration on Monday or Wednesday next week. The fact that the Select Committee has not yet presented the report and that a certain number of Bills, the consideration of which would probably have extended into next week, have been referred to Select Committees, has left us with a somewhat slender list of business for next week. On the other hand, in order to avoid congestion in the latter part of the session, it is important that the various Select Committees which have been set up should sit and report as early as possible. It is therefore proposed that the time available after the conclusion of our business on Monday and Wednesday should be devoted to meetings of Select Committees for which it would otherwise be difficult to find dates. As Honourable Members are aware, Tuesday, the 8th, and Thursday, the 10th, have been allotted for Non-official Resolutions.

RESOLUTION RE RELEASE OF THE BENGAL DETENUS.

Mr. Varahagiri Venkata Jogiah (Ganjam cum Vizagapatam: Non-Muhammadian Rural): Sir, the Resolution which I propose to place before this House is as follows:

" This Assembly recommends to the Governor General in Council :

- (a) the repeal of the Bengal Regulation III of 1818 and similar Regulations in force in other Provinces of India, and urges upon him the bare justice of an immediate release of all political detenues or of giving them at least an opportunity of exculpating themselves and proving themselves to be altogether innocent of the charges, if any, levelled against them, and
- (b) the grant of an amnesty to all political prisoners now undergoing imprisonment."

Sir, at once I may say that I will not press sub-clause (b). Sir, before I deal with this Resolution,

Mr. President: Order, order. What does the Honourable Member mean by saying that he does not wish to press part (b)? Does he move it or does he not?

Mr. Varahagiri Venkata Jogiah: I move it, but I do not want to press it. I mean, I do not wish to say anything on sub-clause (b). I am entitled to do that, though I shall simply move the Resolution as it is.

Sir, before I move this Resolution, I think it is my duty to offer my thanks to the Giver of all good for making it possible for this my Resolution to come up as the first on the very first day set apart for Resolutions in this new House, and I pray and trust that the Almighty will be pleased to maintain the same kind spirit, enter into the heart of the Government, make them change their angle of vision, pursue the righteous way and accept this Resolution and release the political prisoners and repeal the Regulations. With these prefatory remarks, I shall pass on to the Resolution.

Sir, Regulation III of 1818 and the Criminal Law Amendment Act of 1924, concern the province of Bengal. Regulations II of 1818 and XXV of 1827 deal with the provinces of Madras and Bombay. I shall, first of all, deal with the Regulations. These Regulations were passed, at a time, when the state of things in the country was quite different from what it is to-day. These Regulations were passed at a time when the British had not established themselves securely in this country and were looking about and around them with great suspicion and apprehension. That was a time when the British were emerging out of a war with Nepal. They were aware, at the time, that Napoleon Bonaparte had been casting his eager eyes on India and had been trying to invade it; and that the echoes of the Mahratta war had not completely died out. They were conscious that foreign emissaries were going about the country creating disunion and fomenting ill-will among the people of this country, and that large tracts of the country were still in the possession of Native Princes, who viewed the spread of British power with apprehension and anxiety.

As for the administration of the country, no comprehensive Codes were promulgated, no important laws were passed. In fact, the administration of the country was in a state of fluidity. It was in this state of the country that these Regulations were passed. A hundred years have elapsed since then and much water has flowed down the bridge. The state of the country has completely changed. People came in contact with several nations, studied their ways, customs, and manners, and learnt their methods. They progressed considerably in education and civilization. Better and more civilised laws were passed, and

yet, Sir, these Regulations, rightly termed lawless laws, still continued to be on the Statute-book and remained the law of the land, though these continued to be a dead letter until recently, when our Government was pleased to unearth them. Not only did they unearth and revive these Regulations, but they also forged fresh fetters by enacting the Criminal Law Amendment Act very recently.

The existence of these laws is an anachronism, especially when we find that no such laws disgrace the Statute-book of any part of British India, nay, of any part of the civilised world. The very spirit of these Regulations is opposed to the traditions of the English constitution and is opposed to the very elementary principles of jurisprudence. To punish a man without a trial, without giving him an opportunity to defend himself and to prove his innocence is unknown to any system of law, in ancient or modern times. There was only one instance given in ancient times of such a law, and that was on the borderland of Scotland in a town called Jodeburgh. There, it is said that there was a standing law by which an accused could be hanged without a trial. Even there, the formality of a trial was not altogether dispensed with. It is said that the trial came on, funnily enough, after the sentence was executed. In this enlightened age, we have neither the reality nor the semblance of a trial. Another instance that was quoted, on the floor of this House last year, by an Honourable Member of this House, was from the Free State of Ireland, where, he stated, certain people were deported without trial. But my Honourable friend forgot that there is no analogy between the circumstances of Ireland and India. Ireland was, at the time, at war with the British; there is no such thing in India. Ireland is governed by its own people, but India is governed by a foreign power. Further, in all State trials, such as for sedition and other offences, evidence is freely manufactured in this country, while there is no such thing in Ireland. In fact, several things, which can be done with impunity by Government in this country, cannot be done in free countries like Ireland or England. In these circumstances, it is no wonder that the arbitrary action of the Government, under colour of these Regulations, the reasons for which they dare not disclose, is characterised as "illegal", "unconstitutional", "arbitrary", "impudently absurd" and "preposterous"—epithets not used by an Indian but by a distinguished Liberal Member of Parliament on a memorable occasion.

With regard to the deportations, we are not told what was the nature of the charges that were levelled against the deportees, nor where the necessity lay for removing them suddenly from their hearths and homes; and yet, we are told that we are citizens of the British Empire and that we possess all the rights of British citizenship. If this is so, may we not ask why are some of us removed from our hearths and homes without one word of explanation and why are we not given the elementary right of British citizenship, of being tried in an open Court, especially when, in other countries, men like Roger Casement and others, who were accused of the blackest of crimes—treason and conspiracy with the King's enemies—were given an open trial and a right of appeal. The deportees declare that they are innocent and they challenge the Government to prove their guilt. They assert that, if a trial is directed, they would not only be able to prove their innocence, but they could also make a scathing exposure of the case of the Government against them.

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In these circumstances, two questions arise. The first is, what is the basis for these deportations, and the second is, why is not a trial given to these deportees? As to the first, the only basis, it seems to me, for these deportations is hearsay and rumour, at best, *ex parte* and untested statements of the secret police, the interested information given by political spies, whose very occupation would be gone if their action is not maintained, and the alarming reports published by a certain section of the Anglo-Indian press, whose object has always been to prejudice Indians in the eyes of the British. As for the reasons why a trial is not given. Government generally offer two reasons. One is that a trial for sedition attracts attention and it is not desirable always to have a trial in cases of sedition; and the other reason which they give is that witnesses on behalf of the prosecution in trials such as these are terrorised and threatened with violence. Questions were asked on the floor of this House as to how many witnesses have been so threatened, but no answer was forthcoming. Moreover, with respect to some persons, against whom allegations similar to those alleged against these deportees were made and who were brought to trial, evidence was let in and convictions were obtained. And yet the Government say that witnesses are terrorised. As regards certain deportations, Lord Carmichael, a Governor of Bengal, stated that, so far as deportees were concerned, he was satisfied of their guilt but that there was no evidence to satisfy a Court of law and obtain a conviction.

What he said of certain deportations, in his time, is certainly true of other deportations and, if so, may we not ask, is it right, is it just, is it in consonance with the dictates of conscience that in this enlightened age, these poor men should be allowed to rot in jail and be deprived of their liberty, when the Government knows that there is no evidence to obtain a conviction? His Excellency the Viceroy, in his speech the other day, when opening this Session of the House, was pleased to say that the sole object of keeping men under restraint was to prevent anarchist outrages, and that the Government were prepared to release them the moment they were satisfied that their object would not be frustrated. This is no doubt a very noble and excellent idea. May we, therefore, ask His Excellency to give these deportees an opportunity to satisfy him that the object of the Government will not be frustrated by their release. If they are given an open trial they are prepared to prove their innocence. So that, the detention of these deportees without a trial is against equity and good conscience.

To show that it is also against law, I invite the attention of this House to the Preamble of one of the Regulations, Regulation III of 1818, and also to the objects of the Criminal Law Amendment Act. The Preamble to Regulation III of 1818 reads as follows:—

"Whereas reasons of State, embracing the due maintenance of the alliances formed by the British Government with foreign Powers, the preservation of tranquillity in the territories of Native Princes entitled to its protection, and the security of the British dominions from foreign hostility and from internal commotion, occasionally render it necessary to place under personal restraint individuals against whom there may not be sufficient ground to institute any judicial proceeding, or when, etc., etc."

And the object of the Criminal Law Amendment Act is said to be to suppress violent and dangerous conspiracies, that is the same thing as the internal commotion referred to in the Preamble to the Regulation which I have just read. So that the House will be pleased to see that the three

essential conditions are laid down by these repressive laws for deporting men. One is the disturbance of the amicable relations between the British and the Foreign Powers, and the absence of the security of the British dominions from foreign hostility; the second is the preservation of tranquillity in the territories of Native Princes, entitled to the protection of the British; the third is internal commotion. So far as the first condition goes, it did not exist at the time of the deportations, and does not exist now. The Government have been at peace with Foreign Powers, and there has been no fear of foreign aggression. As for the second condition which the Preamble lays down, so far as the Native Princes are concerned, there is no doubt that they are the most loyal to the British throne. By their conduct on State ceremonial occasions, by their speeches from a thousand platforms, and by their correspondence to the Anglo-Indian press, they have proved, beyond all doubt, that they owe fealty to the British throne. As for protecting the territories of these Native States, there is absolutely no need for it, as there is absolutely no danger of any mischief-making.

The only other ground that remains is internal commotion. I may as well state that there is no such internal commotion in this country. No doubt we are aware that there is a deplorable tendency in certain sections of the Anglo-Indian press and the English press and not in a few circles of Europeans to exaggerate the misdeeds of individuals into that of commotion. Disturbances such as these occur in all countries, in all ages, and under all administrations. It is unjust, even ridiculous, to say that in a country like India, inhabited by 350 millions of people, there will not be a few disturbances here and there. To magnify them into internal commotion is what one cannot understand. So that the absence of all these elements show that the action of the Government in deporting these men is also against the very Acts under which they purport to take action.

Next, coming to the individuals that were deported, by a strange irony of fate, not uncommon in political history, the Government's choice fell on the most undeserving. Who do you think was the first against whom the arbitrary action of the Government was directed under these Regulations? It was against no other than my distinguished friend and countryman, whom we have the honour and privilege to count as one of our honoured colleagues in this House, Lala Lajpat Rai. He has always been known as an earnest and sincere worker in the field of social, religious, moral and political reform. His conduct has always been irreproachable. His reputation for high character and patriotism is not confined to any one country or one place, but is world wide. It is a man like this who is said to have incited the army and tried to subvert the British Government.

Again, the choice of the Government, the next time, was not more happy in the matter of these deportations. The men selected this time were men like Babu Krishna Kumar Mitter and the late Babu Asvini Kumar Dutt, men who are loved and respected by the people. These men lived the purest of lives and their lives were permeated with the highest of religious ideals. In politics they were known as most moderate of Moderates; in their public utterances and in their private conversations with friends, they always advocated moderate views and denounced extreme views. They always fought for constitutional agitation and

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denounced anarchy and violence. It is men like these that were deported. I do not propose to take up your time by multiplying instances of good men and true that were deported, but will come to the recent Bengal deportees against whose deportation there is a very strong feeling in this country. These men, so far as purity of life and character go, are no whit inferior to their predecessors in deportation. They were held in very high esteem by the people. They were the idols of the people. They had high character, noble impulses and lived not for themselves but for others. It is said that the voice of the people is the voice of God. The whole of Bengal declares these men to be innocent and peaceful citizens. Not only Bengal, but the whole country declares, with one voice, that the Government has committed a grievous wrong against these deportees. In the face of this unanimous verdict of the whole country, the Government is most obdurate. So, as I submitted, these deportations are against law, equity and good conscience.

In conclusion, I may state that the people begged, entreated, prayed and petitioned Government numbers of times for the release of these deportees, and yet their solicitations and prayers fell on very deaf ears. In these circumstances, it is no wonder that the people have begun to believe in the futility of prayers and solicitations and consider that Government have developed a sort of contempt for public opinion and for the legitimate aspirations of the people. I trust that His Excellency the Viceroy will signify the commencement of his administration by a bold stroke of policy and release the Bengal detenus and other detenus and political prisoners and thereby make it possible, to some extent at least, for co-operation to be established between the rulers and the ruled. With these words I commend this Resolution to the unanimous acceptance of this House (Applause.)

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban). Sir, I beg leave to move the amendment, notice of which I gave this morning, and, as the notice was not given under the ordinary rules and my friends on the other side have not had the full two days' notice, I wish to be granted the special indulgence of moving it, especially in view of the fact that it is not a new amendment. It simply incorporates one of the Resolutions which is already on the paper, and the whole object is to substitute a later Resolution for the earlier one. I shall explain, Sir, why I do so. As was apparent from the manner in which the Honourable the Mover of this Resolution began his speech, there are parts of that Resolution which rather tend to side-track the real point which is before the House. The amendment which I beg to lay before the House focuses the arguments and the attention upon the one single point which it is the desire of at least this side of the House to press to-day. It is not intended to give up any of the other points that have been raised in the Resolution, but the reason why I am confining myself to the release of the detenus is that the other parts of the Resolution are already covered by previous Resolutions and Bills as well as by a Bill which has been drawn in the ballot and which will be before this House later in the Session. I therefore beg that you will be pleased to allow me leave to move that amendment.

Mr. President: If the Honourable Member will induce his friends who have given notice of other amendments on this Resolution not to move those amendments and thus lighten the labours of the House, I shall be glad to allow him to move this amendment.

Pandit Motilal Nehru: I shall be glad to do so. Now, Sir, the point narrows down to the one issue that these detenus under Regulation III of 1818, and the Bengal Criminal Law Amendment Act, should be forthwith released or brought to trial, and is not complicated by any other issues. Sir, that simple point needs no elaborate argument on either side of the House. So far as the Honourable Members on this side of the House are concerned, I do not think they need any argument to convince them of the plain justice, the soundness and the common sense of this amendment. So far as my friends on the opposite side are concerned, they are impervious to all argument in favour of these detenus. It is, therefore, mere waste of breath to occupy the time of the House at any considerable length. I shall briefly give the history of this question and add a few remarks and then resume my seat. Now, Sir, the reasons given for the detention of these men without trial are these:

- (1) That there exists a revolutionary conspiracy in Bengal;
- (2) That revolutionary crime has been committed;
- (3) That it is impossible to bring the offenders to justice because, and here I may quote official words.

"Terrorism of witnesses and juries, the failure of juries to return verdicts in accordance with the evidence, the murder of witnesses and persons who have confessed or turned King's evidence, the fear of witnesses to disclose facts within their knowledge, all combine to render justice unobtainable under the existing Law. They have already operated in more than one recent instance."

Those are the words of His Excellency Lord Lytton which he uttered at the time when the Bengal Ordinance was passed.

Now, Sir, this great coup, the wholesale arrest of these persons, took place in October, 1921. There was no opportunity given to this House to discuss the question until February following and it is twelve months ago, almost to a day, that the first debate took place in this House, on the 5th February, 1925. (*Honourable Members* "Two years"). Quite right; two years. Now, Sir, that was a full-dress debate and the arguments for and against were exhausted. My friend the Honourable the Home Member, in his opening address, brought out a string of cases to show that this terrorism existed in Bengal. By a fortunate adjournment of the debate I had time to go into the question thoroughly and to examine the facts and the circumstances of each one of the cases that were relied on by my Honourable friend. And, Sir, when the debate was resumed, I took up all the cases one by one and I proved to demonstration that there was absolutely no foundation for any of the fears entertained by His Excellency Lord Lytton. I laid incontrovertible evidence before the House, taken from the records of those cases, and I showed that there never had been in recent times—in fact, after the proclamation of the Amnesty in 1919—a single case to which the statement made in Lord Lytton's speech could apply. After going through all those cases I asked a few questions and I will beg the permission of the House to read them from my speech. I said:

"Where is there a case where an approver has been murdered? Where is there a case in which a witness had been threatened and which had been brought to the notice of the Court? Where is there a case in which the jury has failed to return a verdict of guilty in circumstances in which any other jury in the world would have returned that verdict."

And then I referred to the one case that had happened in 1908 where an approver was killed by his co-accused; and I asked:

"Is it fair, is it just, to go into the facts of any case which happened before the year 1919, when the Royal Proclamation extending general amnesty to those involved

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in previous cases was made? By recalling these facts to your assistance—facts which happened before 1919—you are stultifying yourselves, you are stultifying the Royal Amnesty. If you do not take any of those cases into consideration, I challenge the Honourable the Home Member to show even a single instance of the use of threats, ill-treatment of approvers and witnesses and intimidation of jurors that has been relied on in all the Government pronouncements."

About the same time that official pronouncements were being made in this country, Lord Winterton from his place in the House of Commons cited the Alipur Conspiracy Case and the Calcutta Bomb Case, in which there was murder of witnesses. Now, Sir, the Alipur Conspiracy Case was a case which went through various phases, but the only time that we heard of any murder of a witness was in 1908, long before 1919, and the proclamation of the amnesty. As for the Calcutta Bomb Case we know that, at the first trial, the accused was acquitted by the jury and, when a re-trial was ordered, the Government withdrew from the prosecution. Upon that I asked again:

"Where is even a recent case? I shall not ask for more than one—give me one recent case in which these things which are mentioned in His Excellency Lord Lytton's speech have operated."

The answer has yet to come. I do not know what my Honourable friend has got up his sleeve to-day, but on the last occasion he expressly abstained in his reply from going into what he called the "happenings in Bengal," beyond referring to certain attempts made on the life of Mr. Tegart and the general existence of revolutionary conspiracies. My Honourable friend took me to task for referring to these attempts on the life of Mr. Tegart as "alleged attempts". He said how unfeeling it was on my part to say so. Now the fact of the matter is on that occasion—I do not know whether my friend will be more communicative to-day—he refused to give any information, any evidence of those attempts. He said that if he were to divulge names it would jeopardise the safety of the persons concerned. Well, Sir, when no evidence is produced, when no proof is given, it remained only an allegation, though it was made by such an eminent person as my Honourable friend. It was nothing but a bare assertion or allegation. My Honourable friend, Sir Charles Innes, on that occasion also attempted a reply, but in the course of his speech he simply poured vials of wrath on me. He referred to a miserable rag of a vernacular paper which nobody had heard of and the name of which he could not pronounce, and he read certain extracts from it showing that there were people in Bengal who were criminally inclined and who had revolutionary tendencies. Beyond that, Sir, there was no answer to the very definite questions which I put, and I again challenge my friend, though he has now had two years or more to get all the information that can be had.

Now, Sir, after that we come to more recent times. We had His Excellency the Governor General in this House to open it and he made his inaugural address. How do we find His Excellency treating the subject? He said:

"Constitutional reforms may vary widely but the maintenance of law and order is the inalienable duty of all those on whom falls the task of government and indeed the action of which complaint is made is solely due to the fact that the Government has had good reason to believe that those now detained had deserved the way of constitutional agitation for that of violent conspiracy and that to put a term to their dangerous activities was essential."

And His Excellency proceeded:

"Before releases can be sanctioned, Government must be satisfied either that the conspiracy has been so far suppressed that those set at liberty, even if they so desired, would be unable to revive it in dangerous form or, if the organisation for conspiracy still exists, that those released would no longer wish to employ their freedom to resume their dangerous activities. Government have always made it clear—and I repeat to-day—that their sole object in keeping any man under restraint is to prevent terrorist outrages, and that they are prepared to release them the moment they are satisfied that their release would not defeat this object."

Now, Sir, I ask: How on earth are we to satisfy anybody that their release would not defeat the object Government has in view?

12 Noon. His Excellency has put the cart before the horse. He says "We are satisfied that these men are dangerous." My friends on the other side do not tell us on what grounds they are so satisfied, and what evidence they have. How am I to satisfy my friends that the stories, the one-sided stories, they have heard which they have not communicated to me, are wrong? My friends may have some sort of a moral conviction of the guilt of these persons. I can assure my Honourable friend the Home Member that, as against his moral conviction and that of his colleagues, there is the moral conviction of the whole country that these men are innocent.

An argument has often been used that, since these men have been taken, revolutionary crime has not been much in evidence. Well, that is fine logic indeed. You take hold of a number of innocent men and, if nothing happens after that, you say, "Here we are; these are the men who are guilty." But, as a matter of fact, some bombs have been found since, and I think I am entitled with better reason to infer from that that the men who have been taken have been wrongly taken and that the real men are still at large.

Then, Sir, the next stage was the last debate on the motion for adjournment on the question of Mr. S. C. Mitra not having an opportunity to attend the House though he was a duly elected Member of this House. There again the position taken up by my friend the Honourable the Home Member was: "The House has no power and we are masters of the situation." Of course, there can be no reply to that attitude. The united voice of the constituency had declared in favour of Mr. Mitra. What was his crime and what was the crime of his constituency? In the first instance, when he was elected to the Bengal Council and his seat was subsequently vacated by an order of His Excellency Lord Lytton and a fresh election took place, the constituency had the temerity to re-elect him again. My friend said that that was a chance given to them and they failed to avail themselves of that chance. Now, I ask every Englishman, and my Honourable friend in particular, to consider for a moment whether that is at all a statement which any Englishman would approve. It is the right and the privilege, the sole right and privilege of a constituency, to elect whomsoever they please. For English people to say: "We will give you another opportunity, but we will restrict your choice in a particular way; you may elect anybody you like but not this man, not the man you want to have," is to me an amazing proposition.

Sir, now I come to the condition in which these men are. Quite apart from their lawless detention, we have these men suffering, some of them from a number of very serious diseases. Take the case of Subash Chandra Bose. After a good deal of prevarication, the jail authorities and the jail doctor have had to admit that it is a serious case,—it may be a case of tuberculosis. There are others who are suffering from more or less serious diseases. But, Sir, I do not ask for the release of any one

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of them on medical grounds. If I mention the fact, it is simply to point out the inhumanity and callousness of keeping these men in detention without any trial. These broken-down men we are asked to believe are a terror to the Empire, a peril to the Empire. We say: "either have the courage to put them on their trial; or if you do not possess that courage, then it is your bounden duty to let these men off." Sir, Bengal has given its answer. Bengal has elected with a tremendous majority Subash Chandra Bose again to the Bengal Council; it has elected Mr. S. C. Mitra to this Assembly unopposed. I would ask my friends not for a moment to think that mere lapse of time and continuation of this detention will placate Bengal or will induce it to forget. Every day that passes adds fresh fuel to the flame of discontent, not only in Bengal but in the whole country. You talk glibly of advances in the constitution, of Royal Commissions and Statutory Commissions. Let me, through you, Sir, inform the Government that, so far as we Congressmen are concerned, we have no use for any of your niggardly advances in the constitution, for any of your Royal Commissions or your Statutory Commissions, until you remove this ugly stain on your administration. We are not in a mood and we are not prepared even to entertain any proposal for co-operation unless and until these men are released or brought to trial. Sir, the Government's action is defeating its own purpose. Instead of bringing about an atmosphere suitable to co-operation they are doing the reverse and converting the whole country into a seething sea of discontent. Now is their opportunity, and I am afraid this is the last opportunity. Let them take their courage in both hands and shake off their nervousness. Let His Excellency the Viceroy listen to the appeal made by the Mover of this Resolution. Let him signalise the first year of his Government and the first Session of this Assembly by an act of broad-minded statesmanship. Let the opening of this noble pile of buildings mark a real change of heart and not go down to history as merely a land-mark of the haughty Imperialism of Britain and the enforced enslavement of India.

Mr. President: Amendment moved.

"That for the original Resolution, the following be substituted:

'This Assembly recommends to the Governor General in Council that he be pleased to immediately release or bring to trial all detenus under old Regulations and the Bengal Criminal Law (Amendment) Act of 1925.'

The Honourable Sir Alexander Muddiman (Home Member): Sir, it has been my fate on several occasions to meet Resolutions of this character in this House, but at any rate to-day it is a matter of some satisfaction, indeed of great satisfaction, that, with the exception of one important province, the particular Resolution or rather the amendment of my Honourable friend has little practical importance, and, since I last spoke, in one important and at one time much agitated province, firm and wise administration has restored peace which, I hope, will continue.

Sir, my Honourable friend who has just spoken with his usual acuteness has removed a great deal of the surroundings which rendered this Resolution difficult to meet. He has brought up the points which undoubtedly this House wishes to discuss, and that is the detention of the Bengal detenus. In doing so, if I may say so, he has narrowed down the discussion and enabled me to meet what he desires I should, and indeed, when I prepared my speech, I had practically adopted his amendment without his having moved it.

Sir, this is a new Assembly. Memories are short, particularly in respect of the causes which produced unpleasant results. It is, therefore, my duty to bring to the notice of the House certain facts which I have, I regret to say, had to bring to the notice of the previous Assemblies. I therefore, Sir, must ask the indulgence of the House and review the situation at considerably greater length than I usually do in speaking, and I think the House will bear me out that, as a rule, I do not take up the time of the House unnecessarily.

Sir, I propose to examine the situation in Bengal, prior to the issue of this Ordinance, at the time of the issue of this Ordinance and at the present moment. The contention that there is no revolutionary crime in Bengal is really not borne out by facts. I have no desire to go back before the grant of the amnesty, but I must point out that after the end of the great War, we did have a general amnesty, as a result of which all political detenues and offenders with one or two exceptions, were released. That was early in 1920. In fact, a full trial was accorded to the policy which is again urged upon Government, namely, a wholesale release of all prisoners under detention in connection with revolutionary conspiracies. It is highly instructive to see what was the effect of the amnesty on that occasion. Everybody was released in 1920, and we did hope that, with the change in political circumstances, a period of peace would follow. There was a period, there was a lull, but it was not, I regret to say, a period of peace. It was, in fact, a period when the revolutionary party were resting and recuperating and preparing for fresh efforts. They proceeded to recreate a situation that was in all essentials the same as Government were faced with in 1910-1914, and indeed up till the time that the special war time legislation was introduced. This is no matter of argument or opinion. The strongest evidence of the existence and character of the movement is to be found in its fruits which is again,—I repeat it and I am sorry to have to repeat it,—one long history of murders, dacoities and assassination of police officers. The catalogue of these crimes of violence is a long and impressive one, and I have given it before, but I think I must again give it in rather greater detail than I had hoped that it would be necessary for me to do. I will give now the chief events with their dates of occurrence, as far as possible, and I will begin with the year 1923.

About four years ago, I may say in May, 1923, these fresh outbreaks of revolutionary crime began again. On the 15th May, 1923, there was a dacoity with double murder at Kona near Howrah. On the 24th May, 1923, a raid was made on the Ultadings Post Office in Calcutta, during which fire-arms were used. This was the work of the same gang, for the arms and ammunition, whistles, wigs, etc., were all the same. In July, 1923, there was an armed robbery in Goalpara Lane. On the 30th July, a robbery with murder took place at Gurpar Road, in which fire-arms were again used. On the 3rd August, 1923, an armed raid took place on the Sankaritola Post Office, in the course of which the Post Master was shot and killed. One of the accused was arrested on the spot with a pistol from a dispensary with which he was connected, and two revolvers and a 100 rupee forged currency note were recovered. Following on arrests, statements were made to the police by no less than five persons, which proved conclusively that all five outrages were the work of one and the same gang. The arms and ammunition used were of German manufacture and were not available for purchase in this country. In December, 1923, there was an armed hold-up of a mail van at Chittagong and the

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robbery of Rs. 17,000, the property of the Assam Bengal Railway. In December, 1923, there was a fight near Chittagong between the police and an armed gang, in which fire-arms were used on both sides. Two accused were arrested and tried, but were acquitted. In the house abandoned by the gang, cartridges of the same nature were again discovered. On the 12th January, 1924, Mr. Day, an unfortunate citizen, who was apparently mistaken for Mr. Tegart, was murdered at the corner of Park Street in Calcutta. On the 14th March, 1924, there was a bomb explosion in Faridpur, when a youth who was making it sustained serious injuries. On the 15th March, 1924, the police discovered a bomb factory in Calcutta, and they recovered six fully-loaded bombs and a large quantity of explosives and bomb-making materials; and a subsidiary search resulted in the recovery of an unlicensed mauler pistol, which proved to be one of a batch of 40 stolen from Messrs. Rodda and Company in 1914; another revolver with ammunition was also recovered. On the 13th April 1924, an unfortunate European, who had no connection with the police, was shot at, apparently again mistaken for Mr. Tegart. On the 24th May, 1924, an attempt to murder the chief witness in the Chittagong robbery case was made. On the 25th May, 1924, a Sub-Inspector in Chittagong was murdered, because he made himself obnoxious to the revolutionaries by the arrest of an important member of their party. On the 30th July 1924, one Rhabesh Rai was arrested with a loaded revolver. On the 22nd August, 1924, there was a bomb outrage in Mirzapur Street, Calcutta, as a result of which one person was killed and one injured. On the 2nd October, 1924, a man called Santi Lal Chakravarti, who was in fact an informer, and one of the accused in the bomb outrages, was murdered in a very brutal fashion. I am not sure whether.

Mr. T. O. Goswami (Calcutta Suburbs Non-Muhammadan Urban): This man was acquitted

The Honourable Sir Alexander Muddiman: This man was murdered.

Mr. T. O. Goswami: The man was acquitted by the High Court.

The Honourable Sir Alexander Muddiman: The man who was murdered was acquitted by the High Court?

Pandit Motilal Nehru: He was not an informer. He was first acquitted by the High Court, and three days after he was murdered.

The Honourable Sir Alexander Muddiman: I said he was murdered because he was suspected of having given information to the police. I was not able to state that at the time for obvious reasons.

Now, this is a long tale but it is not all. In dealing with this matter, I have not alluded to the circulation of the notorious "Red Bengal" leaflets, which advocated a campaign of ruthless assassination against police officers, and one issue of which bore the stamp of the Goddess Kali killing a European. Throughout this whole period, there was a continuing series of plots directed against the lives of police officers, and there was one which aimed at the life of His Excellency the Governor of Bengal. I use the word 'plot' advisedly, for I say that the Government have in their possession material establishing, in all essential particulars, the reality of several of these attempts. That was the position before the Ordinance.

I have reached the end of the list and I have no hesitation in saying that this list would have been longer if certain leading brains connected with the conspiracy had not already been detained under Regulation III.

Pandit Motilal Nehru: May I ask a question if the Honourable Member will permit? In this long list of cases which the Honourable Member has given, is there a single case which is a new one and which was not mentioned by him in the first debate in 1925 and fully disposed of by me?

The Honourable Sir Alexander Muddiman: I understood your position to be that there were no such cases. It was, therefore, plainly my duty to repeat them.

Pandit Motilal Nehru: There is nothing new.

The Honourable Sir Alexander Muddiman: What I am endeavouring to prove by this is that, at the time of the Ordinance, there was a very serious position which was becoming increasingly difficult by the occurrence of a large number of outbreaks, some of which were punished but a large majority of which were unpunished. That was a time when the leader of my Honourable friend's party stated himself that the movement was more serious than the authorities realised. Well, Sir, to meet that position, what were we to do? We introduced the Bengal Ordinance. The resources of the ordinary law had proved once again powerless in dealing with a widespread revolutionary conspiracy. It is perfectly true that, in the case of the Day murder and in the case of the Calcutta Bomb factory, convictions were obtained. The necessary evidence required was obviously that of eye-witnesses in the one case and of search witnesses in the other. They were practically cases where the men were caught red-handed and therefore conviction followed. In the efforts made to deal with the main conspiracy, as opposed to specific overt acts, no success at all was obtained, nor could evidence of any kind be obtained which would justify the Police in running cases. What happened was, where a man was caught red-handed naturally he was tried and convicted, but the main conspiracy case could not be dealt with. The conspiracy could not be brought into court. The police could not get at it. There is nothing new in this. It has happened before. It is unfortunately the case that this was not the first time when we have had to deal with revolutionary crime in Bengal. We have had experience of nearly 20 years.

Pandit Motilal Nehru: Will the Honourable Member name one case in which the prosecution failed for want of evidence—for insufficiency of evidence due to witnesses being threatened and so on?

The Honourable Sir Alexander Muddiman: Most of the cases failed for want of evidence. Where there was sufficiency of evidence, conviction followed.

Pandit Motilal Nehru: Is there a single case where there was want of evidence due to witnesses being threatened?

The Honourable Sir Alexander Muddiman: I mentioned several cases. There was the case of one man who was killed. I do not know whether it is regarded.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Has any case failed on account of threat to witnesses?

The Honourable Sir Alexander Muddiman: In my judgment, many cases have not only failed but have never been able to be brought into court.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): There was no evidence.

The Honourable Sir Alexander Muddiman: As I was saying when I was interrupted—I do not propose to give way again

Mr. T. O. Goswami: It is rather inconvenient.

The Honourable Sir Alexander Muddiman: that was not the first time when we had experience of revolutionary crime in Bengal. We have had 20 years' experience. More than once we have taken high judicial officers into our confidence. We have laid many cases before them and their conclusions have, in every case, coincided with those of the Executive Government, that is to say, that, in certain circumstances, the Police are powerless without the assistance of some special law. There comes a time when you cannot deal with revolutionary conspiracy through the ordinary machinery of the courts and when special powers, and those of an extra-judicial nature, are necessary. The position in Bengal, when we took these powers, was that practically the Police had broken down, the courts had broken down, and we could not carry on the administration. (*A Voice*: "Question".) We bought our experience exceedingly dear. We found the law unable to cope with the situation, the public alarmed and little inclined to assist, and the Police feeling the continual strain of the conflict in which they were always defeated. I must now ask the House to examine the period from the introduction of the Ordinance down to the present time. What is the most remarkable feature? It is nothing less than this that, for over a period of two years, there has not been a single outrage of the type which I have just given in my list. I must except, of course, the Alipur Jail murder where a devoted and valuable servant of the State was brutally murdered in jail. I allude to Rai Bahadur Bhupendra Nath Banerji of the Bengal Intelligence Branch. This particular crime, however, was committed inside the jail by certain convicted revolutionaries and formed a melancholy proof of the desperate character of those concerned in the movement and indicated a deplorable state of affairs in the jail itself.

Mr. T. O. Goswami: They were convicted

The Honourable Sir Alexander Muddiman: As I was going to tell you later, they were convicted. There have also been seizures by the Police of bombs, pistols and explosives besides other ample evidence to show that this conspiracy, though it has been scotched, has not been killed. The main events are as follows. In the end of January, 1925, there was a wide-spread circulation of a revolutionary leaflet. It appeared in great numbers in Bengal, the United Provinces and the Punjab. It frankly preached revolution. In this case we were in a more fortunate position. A gentleman of the name of Sachindra Nath Sanyal was eventually put on his trial for the publication of this leaflet and he got two years' imprisonment.

Pandit Motilal Nehru: On the sole evidence of a handwriting expert.

The Honourable Sir Alexander Muddiman: Perhaps my Honourable friend will allow me to give him a little more information about the career of Sachindra Nath Sanyal. His career is worth looking into. He got a life sentence for waging war against the King at Benares in 1916. He was one of those who benefited under the general amnesty of 1920. Besides his conviction for the circulation of this pamphlet he is now under trial

on serious charges in the Kakori conspiracy case, in which, among other matters, the true purpose of the publication of this pamphlet will be a matter for decision by the Court. That is the history of his career. He appears to be a man who, having got a life sentence was then released and used his release, certainly not to tread the path of peace that we hoped he would do, but to circulate a revolutionary leaflet and then to be charged for taking part in a dacoity which is now under trial. That is Sachindra Nath Sanyal.

On the 10th November, 1925, at a house in Dakshineswar, 9 men were arrested. They had in their possession a live bomb, a loaded revolver, a pistol, a quantity of ammunition, formulæ and instructions for preparing explosives, materials and implements and, besides, a considerable quantity of inflammatory literature. I may point out to the House that among the literature found was a copy, with a few additions, of a document seized at the search of the Maniktola Garden in 1908. It looks as though he also was one of those who was released and relapsed into crime. I do not say it was so, but it is certainly possible. In this case a conviction was obtained and all the persons were awarded substantial sentences which have been upheld by the High Court.

Again, in November, 1925, at 4, Sova Bazar Street, two persons were arrested, having in their possession a revolver, some ammunition, and six bottles of Nitric Acid. These persons were also convicted and the court who tried them held that the Dakshineswar and Sova Bazar groups were members of one conspiracy with the common object of revolution by violent methods.

I would not have gone on with this long list if there had been any frank admission on the other side that there does exist in Bengal a revolutionary movement which has to be dealt with. I would not have gone into this matter but for the challenge which has again been thrown out that this movement does not exist. I must go on. Among the documents seized in the Sova Bazar house were two schemes relating to the formation of a "Blood of Martyrs' League" and "Young India Association." The immediate object of the scheme was described as the independence of the country by all possible means, including armed revolution, the requisites being a secret organisation with ramifications all over the country, money, arms, ammunition, and explosives. There were also detailed instructions regarding the training and organisation of members. These documents are nothing if not outspoken, and testify more clearly, absolutely conclusively, at any rate to my mind, and, coupled with the cases I have cited, to the existence and character of the revolutionary movement at the moment

Mr. B. Das (Orissa Division: Non-Muhammadian): It is a schoolboy's scheme.

The Honourable Sir Alexander Muddiman: It is perhaps; but it is schoolboys who commit the acts which these schemes contemplated. There is also a document entitled the "Blood of Martyrs' League" in which its author expresses himself as follows:

"I think revolution in India will come in the following way:—(a) Individual demonstrations; murder of high officials; capture of Government arms and ammunition; destroying Government institutions; jail outbreaks; destroying bridges; wrecking trains; murder of spies, informers, etc.

(b) Simultaneous demonstrations "

The Honourable Sir Alexander Muddiman: He gets no promotion. He may as well be shot down, and he is frequently shot down, in the performance of his duties, by which the forces of law and order are maintained; and in this House, constituted as it is, I do hope that, when this debate continues, I will hear some observations dealing with the question of devoted police officers, like the Rai Bahadur in Calcutta, who was done to death in the Alipore Jail in the performance of his duties. I do claim that the Police, although they have not been able to prevent the continuation of this organisation,—and I myself never believed that measures of this class will eradicate, though they may check and prevent revolutionary crime—have been able to stem the tide of political murder and robbery, which was running so strong when the Ordinance was passed. They have undertaken some successful prosecution and for that we owe them great credit. But we cannot say that there has been a return to normal conditions. Even as recently, as I have stated, as 3 weeks ago, arms and bombs were found in Calcutta. I would tell the House quite frankly that I never believed that these repressive measures would eradicate revolution. They may check it and may enable the police perhaps to wage a successful war on them, but they will not eradicate revolutionary activities and I am not so foolish as to imagine that or endeavour to convince the House on that point.

I claim that the measures that we have taken have been justified by practical results. If the House compares the difference between the present conditions and those that prevailed in October 1924, surely it must be admitted that great improvement has been made. Now, Sir, I must apologise to the House for the great length at which I have gone into this matter, but it is only on a detailed examination of the situations as they have arisen that the justification of these extraordinary measures and the policy of Government is to be found. I have never denied that to confine men without trial for long periods is a hard matter to defend and therefore the case should be defended in full. I am glad that I have the opportunity afforded by this Resolution to do so. I have often said in this House that this House is perfectly right in calling upon Government to justify itself in the employment of these measures and in demanding cause to be shown as to the necessity for their continuance. That is the function of the Legislature in regard to an executive government and in regard to special laws of this kind. I make no complaint whatever that the House performs that function and I hope it will continue to perform that duty.

I have shown, I hope, that we have checked the outward manifestations of the movement to a very considerable extent, but I cannot say that the basic conditions have changed. That is the position. I have endeavoured to show to the House what the position was prior to the Ordinance, what it was at the time of the Ordinance and what it is now. As I pointed out, some progress has been made in checking and preventing outrages but we have not destroyed the revolutionary movement, and it will be foolish of me to try to suggest to the House that we have.

Now, I should like to say a word to the House on the question of the possibility of releases. I do not propose to discuss the question of general amnesty. I have discussed that on a previous occasion and it is not really covered by my Honourable friend's amendment. The conditions

of such release were set out very clearly in the statement of policy contained in His Excellency's address to this House. I will read the passage to the House:

"Before releases can be sanctioned, Government must be satisfied either that the conspiracy has been so far suppressed that those set at liberty, even if they so desired, would be unable to revive it in dangerous form, or, if the organisation for conspiracy still exists, that those released would no longer wish to employ their freedom to resume their dangerous activities. Government have always made it clear, and I repeat to-day, that their sole object in keeping any men under restraint is to prevent terrorist outrages, and that they are prepared to release them the moment they are satisfied that their release would not defeat this object."

Now, if the first condition had been fulfilled, it is clear that there would be no longer any reason for detaining any of these men, but I have tried to convince the House, and I hope I have been able to do so, that the activities of the revolutionaries are still continuing, though checked and restrained.

As to the second condition, which raises the question of individual releases, the matter must be decided on the past record of the detenu and his present attitude. Government are not demanding, as is sometimes alleged, any humiliating confessions from these detenues. They are more interested in the future than in the past. A declaration that a detenu would on release take no part in revolutionary activities would be an element to be taken into consideration by Government, but this, on the one hand would not amount to a confession that he had taken part in such activities in the past and, on the other hand, such a declaration could not and would not be accepted by Government as a ground for release without examination of the whole circumstances of the case and the past record of the detenu. If it is said that it is impossible for any detenu to prove his intentions to Government, the answer is that absolute proof of this kind is not looked for and indeed is probably not possible. In all matters of this kind, some amount of risk cannot be omitted and, if the Government are misled into releasing persons who subsequently prove by their actions that they are not keeping to the statement they made and have resumed their deplorable activities, then, Sir, the remedy is in the hands of Government and I may say that Government would have no hesitation whatever in applying it.

I should like, before I sit down, to make one other point clear on the general position. As to the detention of persons under Regulation III, the Government of India is primarily answerable. As regards persons detained under the Bengal Criminal Law Amendment Act, the cases of individual prisoners are primarily for the consideration of the Government of Bengal. The Government of India are responsible to the extent of the general policy of that Act: they are not, and they cannot be, responsible for the cases of individual prisoners. The general policy has been laid down in His Excellency's speech. The application of that policy, in the case of Regulation III prisoners, is a matter for the Government of India, and, in the case of the Bengal Criminal Law Amendment Act prisoners, for the Government of Bengal.

Now, Sir, I have already taken up far more of the time of this House than I should have felt justified in doing but that the case is one which seemed to me to call for full exposition. I do not propose at this time to carry the matter any further: there are many other Members who wish to take part in the discussion.

Mr. M. K. Acharya (South Arcot *cum* Chingleput: Non-Muhammadian Rural): Sir, I feel thankful, as the Mover of the Resolution felt, for our good luck in the ballot box, thankful that the very first Resolution for the consideration of this new Assembly to-day relates to a subject in which our countrymen are vitally interested, and I am glad, Sir, that it has been possible for us to-day to concentrate the debate on a question that is agitating the mind of almost every thinking man and woman throughout the length and breadth of the land. Sir, we have heard the official view placed before us to-day, as indeed we have had the official view placed on more than one occasion before this House; and possibly I may sum it up very simply in one short sentence,—that all these arrests and detentions have been made by the Executive, firstly, with the best of motives, namely, for the preservation of law and order, and secondly, only of those persons whom the Government consider that they have good reason to consider dangerous to the public safety. Sir, the first plea of good motives and intentions is one which I do not propose to scrutinise too closely. It is a very strange world we all know, that we live in; and we all know the old adage that the road to Hell is paved with good intentions. Again, all benevolent despots in the world's history have claimed to have acted upon good intentions; and if they should be judged by their own standards, they might be found to have acted quite honestly, though quite wrongly and despotically all the same. Therefore, Sir, the question of motives need not be seriously discussed, and, therefore, I will try to deal very briefly with the other aspect of the plea, namely, that the action taken and the particular persons dealt with has been taken and have been dealt with, with due regard to the public safety and to the interests of law and order. Sir, I am prepared to grant in a general way the proposition that the responsibility for law and order lies on the Executive, and that the Executive must have powers to discharge their responsibilities, even extraordinary powers sometimes; and that almost every Executive in every country does possess some kind of extraordinary powers. But granting this, Sir, it is open to question, and I do seriously question, whether ample safeguards should not exist in every country, and do not exist in every well-constituted country, against the abuse of these extraordinary powers. Secondly, whether in the special conditions obtaining in India these safeguards are not even more necessary than in other countries, and thirdly, whether, judging the Executive in this country by their past record, these safeguards are not even far more necessary to-day than they have ever been in the past. The special conditions in India, Sir, are known to everyone of us. We have a foreign bureaucracy, a bureaucracy of a foreign character which cannot be expected to be—and it is not their fault I quite admit—in close touch, in sympathetic touch, with the aspirations that move the great bulk of the people of the land; and secondly, we have an irresponsible bureaucracy, which, however, good in its own way, however efficient, however hard-working—is an irresponsible bureaucracy and does not consider itself in any way bound to abide by the wishes of the people's representatives. There is no use, Sir, in saying that the Executive, so long as they are not responsible to the people's representatives, are actuated by good intentions. I repeat, Sir, that every benevolent despot is actuated by certain good motives, but, under the particular conditions of India, the whiteman's burden is the great gospel of the great class that rules India; and the psychology of that class cannot be forgotten for a moment, the psychology of those

who form what is called the steel-frame of this unfortunate land. Whatever their other good qualifications may be, this inherent psychology in them, this idea that they are superior to the bulk of the people in this country, naturally makes them suspect every popular attempt towards enfranchisement, towards political advancement, towards political aspirations. That, Sir, has been our past history during the past two or three decades. Whenever there has been any large stir in the country, any large awakening, any great attempt made towards political advancement, the leaders of that movement have been always taken hold of by the Executive and have been for shorter or longer intervals treated as His Majesty's guests. Lala Lajpat Rai's deportation in the old days, Mrs. Besant's internment 10 years ago, (for Mrs. Besant was the leader of the national movement 10 years ago), all these live in our minds. And to those of us, therefore, who know what the lot of the political worker in this land is, how he is suspected, how the very psychology of the Executive that are responsible for law and order leads them,—perhaps unconsciously, but cruelly nonetheless, consciously or unconsciously—leads the Executive to confine political aspirants as revolutionaries, to all who know this—it must be plain that, so long as this psychology exists, so long as Government has to rely for its materials, for the materials upon which it is to judge whether one is a revolutionary or not, upon documents which are selected, gathered, furnished—I shall not say fabricated—which are collected by the executive officials of this psychology—so long must it be the fate of the political worker in India often to be suspected for more sins than he is really guilty of. And that, Sir, is the real question. The Honourable the Home Member—I am sorry he is not here now—gave us a large catalogue of crimes and outrages; but he has not answered the question whether these outrages, on the one hand, which may be perfectly true in fact so far as they go,—he has not shown what connection there is between these outrages and the men who are arrested and detained. It is quite inevitable that in a land governed autocratically as India is governed to-day, there must be, and there are, many people who feel strongly against the present system. Why wonder there should be so much revolutionary movement in a land so badly governed as India is, so cruelly and tyrannically governed as India is? The wonder should be that there has not been more crime. Sir, I repeat, the question is what is the connection between these conspiracies and the men that are now locked up in jail. Has Subash Chandra Bose been traced to be the leader of any of these gangs of conspiracy? Has Satyendra Chandra Mitra been proved to be one? Where are the materials? The Home Member denied with great force and warmth, but he could not disprove the statement that *agents provocateur* have been at work. Sir, in other countries, in better governed countries, in better organised countries, *agents provocateur* have been very, very busy; so that we should consider it as something extraordinary if there had been no *agents provocateur* here. Therefore, a mere simple denial will not do. We, on this side of the House, have reason to believe that the *agents provocateur* have gone about doing mischief, which they can do much more easily in this land of ours than in other lands. The whole question then is this, and it is a very practical question: There may be bombs found, there may be cartridges found, and it may be also that these bombs and cartridges have been used against some people. But the question is, what is the logical connection between the men that have been arrested, whose

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liberty has been denied, whose freedom has been destroyed, what logical connection is there between the patriots of Bengal and the conspiracies? How and by whom has the connection been established? I attribute it all to the psychology of the Executive. They are so suspicious, they smell revolution everywhere. We all know, as the past history of India proves, that there never has been any great political leader in India who has not had to go through this trial of being branded as a revolutionary. The Executive regard him as a political agitator and as dangerous to society, while we say that the tyrant is the real danger. Now, if the Executive can lock up the man whom it considers to be dangerous, why should not, logically speaking—not that I want it—why should not the patriot who regards the Executive as a tyrant, why should not the so-called revolutionary despatch the tyrant? That seems to be logical; that seems verily to be the case everywhere in the history of the world. The more measures of repression you adopt, the more will revolution grow. This I thought was a proposition that all great-minded statesmen admitted. Unfortunately, the Honourable the Home Member does not see it. I say the blame lies not on the Home Member or the Governor of Bengal, or the Governor General of India; I say that the materials upon which these people have based their conclusions, these materials are vitiated; and, therefore, until these materials are carefully examined, scrutinised with almost superhuman care, so as to find out how far these materials can be admitted, they are quite worthless.

There was once hope given to this House that two High Court Judges were going to examine these materials. Later it was found that High Court Judges did not like such dirty work and two Sessions Judges were put in, who were supposed to have carefully read these incriminating documents relating to these unfortunate human beings who were arrested and deported. But, even if they were High Court Judges, even if there were a non-official Committee that read it all through, how would that improve matters? The “revolutionary” must be told what the charges are against him; he must have the evidence produced against him, and he must be given fair and ample opportunity to rebut that evidence. It is no use simply reading through a lot of secret documents. If some of us even had to

1 P.M. read only these documents but had no opportunity of getting these documents rebutted, we would come to the same conclusion perhaps as the Government or the Home Member has come to. Once the sources of information are tainted, as they must be in cases such as of these Bengal patriots, it is impossible to expect any committee to come to any other conclusion. I am quite prepared to grant that neither the Home Member nor the Governor of Bengal nor any one else takes a malicious delight in keeping anybody in jail. They are simply misled and misguided. That is the root cause of all our trouble—that there is not in our rulers any true large-minded sympathy with and confidence in the people. I declare Sir, that unless even the “revolutionary” is taken in hand, sympathetically handled, and given the chance to come out and be a true citizen, there will be no way of getting rid of revolutionary conspiracy. We want the Government, therefore, to begin to inaugurate a new era in the history of this country, namely, of trust and confidence in the people's leaders. Subash Chunder Bose and Satvendra Chandra Mitra have the confidence of their electorates. They have been once elected and twice elected; and to shut them up in this way is a disgrace and a crime. It is in this matter that my heart

bleeds. I cannot help it, and I am certain that the Government, which is so anxious for peace and for law and order and all that is defeating these very purposes by arresting and detaining these men for whom the public at large have nothing but absolute regard and confidence and respect. Therefore, Sir, I would urge that the Government should take a broader view of the question. Revolutionary crimes there will always be, and I beg to repeat again that the surprise is not that there is revolutionary crime in Bengal, but that, under our very pernicious system of government, there is not more revolutionary crime in this country; for, after all, what is it that divides the patriot from the revolutionist? What you call revolutionary conspiracy I call national service. The more a man feels for his country, the more he feels the bondage of his country as lying on his own shoulders. When I feel like this, I become restless, and if I am emotional, Sir, I think I should get rid of the enemies of my Motherland. This is the psychology that breeds revolutionary crime or whatever else you may call it. And how will you deal with it? For every man you put in jail, thousands of young men's hearts are being stirred. And if it was in my power, I would stir up every young man in India to become that "revolutionary conspirator" and to encourage that "revolutionary conspiracy" that would fight successfully bureaucratic tyranny. Successful revolution will, of course, be called by a different name.

Let me come again to the official version. You have the power I grant; and you take hold of some bombs in one place and some men in another place, and by some sort of fabrication you connect the one with the other; and you discover revolutionary conspiracy. Now there will always be some bombs found in India; and for that reason are these men to be always in jail? Does the Government expect at any time that bombs or cartridges or unlicensed arms will not be found in India? And are these men therefore to be detained for ever? Two years they have been detained. Are the resources of the British Government in India so inadequate as not to be able to allow these men, who have been elected to come and attend the meetings of this House without their having the opportunity to carry on revolutionary propaganda and to be the heads of the revolutionary violent conspiracies of which they are supposed to be heads? If you are so inadequate in your resources, you do not deserve to be called a Government. But that is not the truth. You have ample resources to deal with such things if sanely you want to deal with them. The truth appears to us to be this: there are somewhere some people who are really guilty and perhaps have been let off, and the innocent are being held and harassed and detained, unconsciously it may be but all the same cruelly and most sinfully as I consider it, detained for political purposes. By all means let us deal with crime. I am quite prepared to grant that for one month or two months even you may lock men up; but for two years you have locked them up and yet you cannot bring them to open trial! Time after time it is said that the Government do not yet see their way to publish the charges against them. If for over two years you cannot as a civilized Government bring these suspected men to trial, you do not deserve the name of a civilized Government. And as I said, Sir, the Executive will never be able to get out of that psychology, because their minds are their minds; and I do not believe it is easy for them to change their minds any more than it is easy for us to change our minds. Hence this repetition, Sir, this parrot-like repetition time after time, that, in the view of the Executive, the time has not yet come when these men can be brought to trial. Time and again, this repeti-

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tion has been made but it does not carry conviction. There has been ample time I repeat—2 years, for you to bring definite charges against these men; and if you cannot do it in 3 months, 6 months, not even after a year or 2 years, you do not deserve to have these extraordinary powers any longer. The repetition now of that old story will not do. There may be some one conspirator here and one there; but these are not the men. Come forth boldly, I say, and let out these men. Give the world a proof of your justice and strength, because the whole world, when it knows the facts that obtain in India, will have but a poor, a sorry regard for the British administration that keeps for 2 years and more the patriots of Bengal locked up simply because they are said to be dangerous. And dangerous to whom? Dangerous to society! that is the official phraseology, which really means nothing more and nothing less than dangerous to the bureaucracy, dangerous to the tyranny which rules India! Yes; they are dangerous to the present system of government. I would that every one here were a danger, a terrible danger, to the system that rules this land under which, for two years and more, these respectable men and patriots have been locked in jail. Sir, I hope there is not one man, I hope there will not be even one Englishman—though, as Mr. Jinnah said last year or the year before, Englishmen unfortunately forget English traditions when they come to India,—I hope there will not be one Indian, at any rate, who would feel that even after two years the time has not yet come for these men to be set at liberty. And I trust, when the division is called, not one Indian will dare vote against those who are ready to become the martyrs of Bengal but who to-day are not yet martyrs. This is all we want that they should be either released or put on their trial; and, if that cannot be done, I am ready to offer myself, and some more others I am sure are also ready to offer themselves, to take their places, if that will satisfy the requirements of that assured safety which alone will embolden the Honourable the Home Member to set these poor people at liberty. Let him take hostages from amongst us here if he cares to, and let these men be set free. I commend the amendment of my Honourable leader to the acceptance of every Indian in the House and, let me trust, of some Europeans also.

Mr. Dharendra Kanta Lahiri Chaudhury (Bengal: Landholders): Sir, many have preceded me and, with your permission, many will follow. But, Sir, there are occasions in the affairs of human life when even a dumb mouth bestirs itself to make its futile protest on a palpably inhuman crime. Sir, I weigh every word of mine when I say that this is such a fit occasion and I should express—and most emphatically,—my utter indignation at the Government's method of detaining these unconvicted persons behind the prison bars.

Sir, I am no stump orator, nor is it in my line to make oratorical utterances often but, Sir, I make no apology for selecting this subject of so grave a public interest to express my mind, even though I am a new Member in this House. For, Sir, this is peculiar to the human mind to be enveloped with those issues which affect a man's hearth and home, his near and dear relations; and the greatest sufferers are those with whom I am ethnically related—I mean the Bengal detenus. But, Sir, those notorious laws affect liberty and therefore all humanity. I am no lawyer, Sir. There are so many legal luminaries in the House who have expressed themselves on other occasions on the illegality of these lawless laws, the legal fraud the

Government have practised with impunity on us. But, Sir, I shall speak from the point of view of humanity. Indeed we have left behind, far, far away, in our march of progress, those days, when the law and discipline of a country manufactured machines in human form. It is too late in this day to coerce a nation into one form so that it might please the Executive. You cannot stifle the spirit of liberty and check the expansive mind to a circumscribed area however stringent the law you may prescribe. Rather the law should stimulate that growth and help the healthy life of co-operation and co-ordination in all the functions of society. But here Sir, you have detained persons without giving them any opportunity to know why they are so detained. You do not frame any charge against them. You ask them to give undertakings, but they know not why they should accept such an ignominy, why they should go about with such a halter round their necks, and why you ask them to undergo the renance of being looked down upon by another human being as a political criminal without knowing if they have committed any crime. Thereby you forfeit their title to be called honest and honourable men—for at least one of them, Sir, is as honourable as the Honourable the Home Member. You have deprived their wives and children of a husband's love and a father's affection. You have snatched away the ease and comfort of old parents and have deprived them of the well-merited earnings of their own creation. Why, Sir, you break up families, desolate the homes and make strangers of brothers. You have "gambled with their lives" and made "light of them"—for what fault? For what sin? You could not prove anything. You fear to bring your documents before an open court and to undergo thereby the acid test. You feel that the lives of your informers are sacred; but why do you not feel that the lives of the detenues are no less sacred? You seem not to consider them within the category of human kind. You presume them to be guilty and you believe yourselves to be right. But, Sir, we live in an age of reason. We cannot accept any statement howmuchsoever 'is spoken of by the highest human authority, without a lurking suspicion; unless it keeps an even balance in the scale of rationality. It is very hard to swallow all that is said to be an unalloyed version of the facts.

The Government have proclaimed that they are the upholders of what is lawful and just. I am also for right and justice, so I belong to no party. I have no sympathy, Sir, for brutal murders and for the murderers whom you have rightly convicted after giving them a public trial. I have no sympathy for their methods. Indeed you earn the sympathy of all right thinking men when you give them a public trial.

But, Sir, it is no use expressing what we feel, for we all know that our feelings have been ruthlessly trampled upon. It has failed on occasions to elicit any recognition from quarters where it was expected to rightly.

Sir, there is a talk of opening a new era, a new vista with this New Delhi. It is said that "a new spirit of co-operation is emerging, purified and made wiser by the asperities of the immediate past." It has also been said that "where incorrigible suspicion prevented the expansion of the bond of goodwill, a desire for better understanding and for the cultivation of tolerance is making itself felt". But, Sir, unfortunately this cultivation of tolerance and this desire for better understanding was and is one-sided. By reciprocity, mutual understanding and co-operation gain momentum. If there is a desire for real co-operation on one side, where

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is the real expression and desire to act on such expression on the other side? It is for the Treasury Bench to advance now, and to take up the opportunity. Let them right the wrongs they have done and further stimulate this spirit of co-operation, by releasing all these political prisoners, so that the new spirit may exercise the beneficent influence that it has. With these words, Sir, I beg to support the Resolution for the release of these detenus.

Mr. Abdul Latif Sahab Farookhi (North Madras: Muhammadan): Sir, it was with great regret that I heard the speech of the Honourable the Home Member. He narrated a long list of dacoities, murders and bomb factories. But leaving aside those who are legal experts here, he has not been able to convince even the layman that these gentlemen, the detenus, whose release we demand to-day, had in any way any connection with these bombs and factories. Sir, this demand of the country is unanimous. There is no school of political thought, there is no section of the country which thinks that these people should be kept in prison without trial. It is against, I say, Sir, the very elementary principle of justice. It is hardly conceivable in any Government which calls itself constitutional that a number of innocent,—I call them innocent because no case has been made out against them, no evidence has been let in against them in any court of law,—that these innocent people should be detained for an indefinite period of time in prison. It is disgraceful for any Government to keep any person without trial in prison. Sir, we know, at least some of us who are working in the field of politics know, that acts are not wanting on the part of this Government which have disgraced this country. Acts are not wanting on the part of this Government which have gone to show that we Indians are treated with contempt, and all these acts have gone a long way to prove that in their eyes we have no rights. But, Sir, the detention of these people is more ignominious than anything else. Sir, to keep a band of patriotic young men in prison without trial and to say that this action of the Government will go a great way to suppress if not to eradicate the revolution or discontent is, to say the least, not right. With your permission, Sir, I beg to point out to the Honourable the Home Member that, if the Government really wants that there should be peace and goodwill in this country, it is not by means of keeping people in prison, it is not by means of passing legislation without the consent of the people, but it is by means of carrying on a system of Government which will satisfy the country at large that they can have it. Sir, you call this system of Government a constitutional system when you imprison people without trial. You say that you are going to give us, or that you have given us to some extent, the principles of democratic rule and that you are for getting the people into your confidence when you pass laws and place them on the Statute Book in the teeth of popular opposition. His Excellency the Viceroy, when addressing the House on the 24th ultimo, said that we Indians cannot coerce Parliament, and that we have to convince Parliament of our competence to get Swaraj. My answer to that, Sir, is this that we are not coercing Parliament nor are we coercing the powers that be here. On the other hand we are being coerced. Sir, I would only say that it is the duty of the Government, it is the duty of Parliament to convince us that they are ruling over us, not against our wishes, but by constitutional means. Where is the constitution, I say, when you imprison people without trial,

and where are the principles of democracy when against our wishes you continue to pass legislation? Sir, the Honourable the Finance Member, when moving for leave to introduce the Steel Protection Bill, if I remember correctly—(Laughter)—excuse me, Sir, it was some responsible Member of Government who said, when introducing that Bill, that there was no reason why there should be any difference between the law in England and the law in India. I say that you want that there should be no difference between the law of India and the law of England when it suits your purpose. When it is to the advantage of Indians you observe every sort of difference and discrimination. Sir, can anybody imagine that a man in England would be put into prison without trial? The Royal Proclamation assured the Indians that freedom and liberty will be given to them and that no son of India will be put into prison without trial. The present action of the Government, if I may say so, is a violation of that assurance that has been given to Indians. In fact, Sir, it is we who are loyal, and it is those that are responsible for the enactment of such laws and for putting people into prison without trial who are disloyal.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr President in the Chair.

Mr. Abdul Latif Sahab Farookhi: Sir, granting that the Honourable the Home Member has not in his speech exaggerated the nature of these crimes, granting that there is still a severe type of anarchism and a serious type of revolution existing in Bengal, surely these extraordinary legal powers in the hands of the executive are not going to pave the way for peace and order. A law that commands and threatens but neither appeals to reason nor to the heart is no law. There is no use in deterring a man from theft if he still continues to be a thief at heart. Sir, the best solution would be for the Government to take the people into their confidence and to have their sanction behind any measure that they would like to pass. To the official Benches I venture to appeal. They owe a duty not only to the present generation but also to posterity. When the history of India comes to be written after a decade, I hope it will not be written by people who will manipulate the facts. When that history comes to be written, Sir, it will not be written by English historians who will whitewash every attempt and every assault on human liberty and point out to the people that British rule was a rule of the constitution. People will not be deceived by the enchanting name of democracy and constitution. When that history comes to be written, this Government will stand condemned in the eyes of posterity. Sir, a few more words and I have done. When this historic House goes down to posterity, people will look on it as an emblem of British rule in India. Let them not think, that, much against the desire and wish of His Imperial Majesty, the King Emperor, injustice prevailed here and that there was lack of wisdom. I appeal to one and all here to unanimously vote for this Resolution and see that innocent people are released or brought to trial.

Mr. M. Keane (United Provinces: Nominated Official): Sir, it is with no pleasure that a newcomer to this House feels impelled to join in a discussion on this subject. It is a subject worn already threadbare in

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repeated debates; and it seems to me, sitting here, that the discussion has become rather unreal. Honourable Members opposite, as far as I can judge, have allowed this matter to become what might be called an annual sporting fixture. Last year the Government won, I believe, by a few votes: this year we have the return match. Sir, it is not to my mind dignified to make a subject like this, which does concern the lives of many people (Hear, hear) and the liberty of some people, it is not right to make this a party plaything. (*A Voice*: "A national wrong".)

I took the trouble of looking through last year's debate when I was told that it was possible that I might be called on to speak. It brought me no profit—the study of that debate—some entertainment but no profit. It mainly turned on that occasion on the problem of when is an Irishman not an Irishman. The answer I believe was—when he was East of Suez. However that may be, I trust there will be no digression of that sort this time.

I have one of two reasons for speaking. The first is that I do not want it said—as I think it was said by Mr. Goswami—that there is on this side of the House a conspiracy of silence. Conspiracy we have none here. As for silence, in this country silence appears to be the one unforgivable sin. If it is true that silence is golden, Sir Basil Blackett can sleep a' nights. It is gold that will never be hoarded in this country. Another reason why I should like to speak is that every one, I think, harbours the amiable hope that he may make a convert—that an honest case honestly presented may make a convert. Experience has shown that that is not so. Still, repeated failure never quenches the flickering hope. Moreover, Sir, there are things undoubtedly said from that side of the House that flesh and blood cannot bear to let pass unchallenged. I do not want, I certainly do not intend to say a single word that might possibly add to the bitterness of any man here or elsewhere who has eaten out his heart in a prison for political opinion however misguided. We all know well that a small thing, a word said in jest, may cause bitterness enough to warp a man's judgment of things; and, though we cannot accept the blame, we can make excuse for bitterness arising from long days of brooding in prison. So, if there is anything in what I say that should add a single drop to the bitterness felt by such men, I trust I will be excused, because, Sir, on this side of the House we detest as much as they do, we detest seeing men put into prison and kept there without trial. (*Mr. A. Ranganavami Iyengar*: "Release them.") There is nothing that would please us better than to have the opportunity of releasing such men; nothing would please us better than to see such laws and powers wiped off the Statute Book if it could be done without prejudicing the safety of innocent people, without prejudicing the right of any man to live his life and think his thoughts in peace. The Honourable the Home Member has gone through, and explained to the House, a formidable catalogue. I am not going to weary the House, by repeating the same tale because I cannot better it. I am not going to detain the House in giving the reasons why it is impossible for Government without safeguards to let these men, cut or to dispense with the Regulations and laws which enable the Government to handle such crimes. I do not propose to go over that ground again and again, to explain why the circumstances are such in this country that powers and laws of that kind are inevitable, for inevitable they are, unless we are going to surrender to young Bengal the right to judge the pace, and

not only the pace but the means, of attaining self-government. So long as wiser men, older men, men more experienced, guide the pace at which self-government is to be attained, it is probable that there will be these impatient outbursts which must be handled and for which the means must be there to handle them, unless we are to allow the administration of this country to degenerate into chaos. That, Sir, is a thing which everyone on that side knows perfectly well. They know it as well as we do or even better, and if they do, it may be asked why is it, why do they come here and make this very subject, this unreal subject, why do they make it year after year the ground for a full dress debate, as one of them called it, for opening their campaign, why do they inscribe it in the forefront of their colours? The reason undoubtedly is that the matter involves a sentiment. There is—and they know it—a sentiment in every land which sympathises with the political prisoner. They want to play on that sentiment. It is a useful weapon for them in their perpetual and perpetually unsuccessful campaign to make Government impossible. That is why they choose this subject.

Mr. A. Rangaswami Iyengar: You can end the trouble by releasing them.

Mr. M. Keane: I do not say that all the back Benches have these things in their minds; far from it. I have very little doubt that the Honourable Member who made his speech in opening the debate, a laborious speech

Mr. Chaman Lal: On a point of order, Sir, is the Honourable Member in order in impeaching the *bona fides* of the front Benches?

Mr. M. Keane: I do not impeach their sincerity. They are sincere in so far as they are seeking a weapon for their continual campaign against Government. What I do say is that the weapon chosen appears to be a sham.

I am asking why is it that they have chosen to inscribe this on their battle colours for the opening of their campaign. I say it is because they realise that there is this old sentiment attaching to the political prisoner. They are appealing to a wider audience than they have inside these walls; they are appealing to a world-wide audience, and they know that there is this old and strong sentiment in favour of political prisoners. They know too—I will concede it to them—they know that the Star Chamber and the Bastille have been the weapons of despotism. They desire that the parallel should be brought home to us, but what they do not realise is this, that actions which in days of gross misgovernment, in days of cruelty and outrage and wrong, may be virtuous and inspiring examples, in days like ours, of ordered government, material and political progress, of security, of profound peace, the same actions are a detestation to every man who stands for society and for the rights of the individual. That is what they do not realise.

Consider, Sir, we have heard all through this debate perpetual appeals on the part of Honourable Members to constitutional issues. We are told continuously that it is lawless, a breach of the constitution, shameful, inhuman—this from the very party whose watchword is “wreck the constitution”. (An Honourable Member: “Where is the constitution?”) I say, Sir, that this is pure pretence on their part, and we want to tear the veil from that pretence. They stand forward as champions of liberty,

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and say we are the agents of frightfulness. We want to tear away that pretence, we want to show that these advocates of the rights of man are no more than advocates of a wing of their own party. I do not say that every revolutionary is a member of the party, a visible, permanent, recognised member of the party—(An Honourable Member: "Invisible.") Yes, that is just the word I want—invisible. Like the spectrum, the Swaraj party has many colours, and, as the Honourable Member remarked very rightly, some invisible ones. The reds, and blues and yellows here are visible, but science has told us that there are invisible rays and they are the dangerous ones. Doctors who deal with those rays must and do take precautions to protect themselves. In any case what I am aiming at is that we will not stand here and listen to these perpetual claims to constitutional rights raised from that side of the House. It is not a constitutional question; it is purely and simply an administrative question. The Honourable the Pandit opposite—I am referring to Pandit Motilal Nehru—quoted His Excellency the Viceroy this morning saying, whatever form of constitution you have, it is the inalienable duty of those who administer the government to maintain law and order. That is the point we want to get admitted. The existence of these conspiracies has been proved over and over again and I say the question is, and it should be kept before the minds of everybody in this House, the question is an administrative question, not a constitutional one

Mr. A. Rangaswami Iyengar: Fundamental liberty.

Mr. M. Keane: Fundamental liberty, is it? The Honourable the Pandit and I come from the United Provinces

Mr. M. A. Jinnah: What a difference. (Laughter.)

Mr. M. Keane: He knows that in the United Provinces there is not at the present moment a single detenu under any of these exceptional Acts and Regulations. (An Honourable Member: "Are you quite sure?") Not one; if the Honourable Member knows of one, I will concede it to him. I admit we did have some conspiracies in the United Provinces. We had the conspiracy of Benares. We had a gentleman who was mentioned by the Home Member, Mr. Sachindra Nath Sanyal; his name betrays where he comes from. His operations were in the United Provinces, but he came from Bengal, and so did the other principals who were connected with that conspiracy. I know of none who is under detention without trial under any of these or similar provisions in the United Provinces. Either our people are wanting in the spirit that exists among the people of Bengal, either they are not as spirited and brave as the Bengali, or our rulers are less oppressive. Well, the courage of our people has never been questioned, so that it apparently comes down to this, a very whimsical conclusion, that Lord Lytton is the oppressor of India. It is all due to him—Lord Lytton, the embodiment of liberal principles. (Swarajist Laughter), is, according to these gentlemen, to take his place as an oppressor of India

Mr. T. O. Goswami: Hear, hear.

Mr. M. Keane: To that does the whole spate of their oratory come. If there is oppression in one place, why not in another? I will not detain the House any further. All I would say before I sit down is this. It is

not a fact that the friends of India are confined to those Benches. There are very true friends of India who are not sitting there, and the truest friends of India have already pointed out the best road to travel, and I am convinced it is the only road for India. (Applause.)

Mr. President: I may as well inform Honourable Members that there are a large number of Members who desire to participate in this debate and I trust speakers will keep to the time limit.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, the fact of the matter is that this is a subject upon which the Government of India and the European community residing in India or doing business in India, on one side, and the people of this country, on the other hold diametrically opposite opinions. There is practical unanimity on this question between the two sections *inter se*. The Government of India believe that they are justified in taking steps by which a number of the best citizens of Bengal are kept in jails without trial. And the people of India think that that is an outrage on their fundamental rights and they must do everything they can to have that policy reversed. (Hear, hear.)

This subject, as was pointed out by the last speaker, has been thrashed out by the previous Assembly and not much is left to be said that is new. The Honourable the Home Member practically repeated every word of what he had said before. There is very little new information which he has given to us; and so I am not going to take up the time of the House by making a long speech. But I want to make one thing clear and that is that this is a question upon which all-India thinks alike; there is absolutely no difference of opinion between the different political parties of the Indian community. (A Voice: "There is.") Yes, there is that section who call themselves the defenders of the liberties of this country after having taken possession of it illegally. There is a difference there. There is certainly a difference between those people who possess India and those who do not want them to possess India as they have done so far. The ruling classes of India who are not of India, do certainly think differently from the people of India and they occupy the Benches opposite from where the voice came. Frankly, it does not come well from the mouths of Members occupying those Benches to call themselves the "defenders of liberty." Defenders of liberty, indeed! For people who came into forcible possession of a country, who exploit it in their own interests and who keep the people of that country under lock and key without a trial, for them to call themselves "defenders of liberty" is a travesty of language. They call themselves the defenders of liberty and they talk, as the gentleman who has just preceded me talked, as if these steps are taken in order to prevent the country from going into chaos. Why, the very fact of the existence of Regulation III of 1918, and similar Regulations, and the fact that Government takes action under those Regulations so often and thinks it is justified in taking action under these laws, is presumptive evidence of the existence of chaos in this country, chaos in the name of law. (Hear, hear.) The existence of these laws and the action which the Government takes upon these laws is presumptive evidence. I say, of the fact that this country is not being governed on the same principles as other civilised countries are. I confess we are divided, the Government on one side and the country on the other side. There is no denying that fact, there is no getting out of that. We want our liberties and the Government is trying to keep us out of those liberties as long as it possibly can. That is the struggle. Well, that being the struggle, the

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question was asked why do we want to make a show of this every season. The Honourable Member said it was a "playing", I want to tell my Honourable friend and the rest of the House why we repeat this performance from session to session. I may tell you first that this "show", this "playing" or whatever you like to call it, will be repeated from year to year until justice is done and the grievance redressed. We shall not shrink from doing our duty by any amount of rhetoric or threats from the other side. It is a primary duty which we owe to our people and I will tell the Honourable Member very frankly the way I look at it. I do not expect those Benches to give way to us. Resolutions have been passed in the last session and in the previous sessions. The Government does not care a pin head for them; and if to-day's Resolution is passed, as I hope it will be passed by a large majority, the Government will throw it into the wastepaper basket again. It may reasonably be asked why then we repeat this thing every year. Because we want to expose the hollowness of the claim that this country is being governed by a civilised Government and has the consent of the people behind it. We want to show that this Government has not the consent of the people behind it in all these proceedings to which it resorts in the name of law and order. I do not admit that the Government alone are responsible for maintaining law and order in this country. If this country were normally governed, the people would be more interested than even the Government, in maintaining law and order because it would be to their interest, to the interest of their safety and the security of their property, to maintain law and order. But as it is there is a conflict of interests. The Government think we are wrong and we think the Government are wrong. The Government believe they are more interested in maintaining law and order than we are. The Home Member has given you a long list of facts. If we were allowed to do so we could produce a longer list of atrocities on the other side.

The Honourable Sir Alexander Muddiman: Will the Honourable Member produce them?

Lala Lajpat Rai: Oh, we produce them every day. There are volumes full of them (*A Swarajist Member:* "And this") and this and many other things done every day almost. (*Swarajist Members:* "What about the Moplahs?" "And Jallianwalah Bagh?") The real thing is that we look at these things from two different points of view. We have to do this in the interest of our country. In this matter we cannot give way to the other side. But we ask the Government "is this

3 P.M. the way to ask us for co-operation? Is this the way to tell us that the Government of this country rules India in the interests of India and is the best friend of India?" That is not the way. Let us see what happens in other countries of the world. I will assume that there are revolutionary conspiracies in this country. There have been in all countries; and I will challenge anybody to point out to me any one country on the face of the globe, however civilised it may be, where there are not lots of conspiracies existing. But no country and no Government dares introduce such a law unless it be in a time of war and unless there be a danger of a disturbance of public tranquillity on a very large scale. In that case one can understand that there was some justification for the Government to introduce a law of this kind or take action of this kind. But in times of ordinary peace, may I ask if this is ever done in any civilised country? May I ask my Honourable friends if they have not

heard of a movement called the I. W. W. or of a movement called the Klu. Klux Klan in the United States and of the numerous lynchings that go on there; and in spite of the variety of their population, have the United States ever tried to introduce a law of this kind and put people behind bars under the process of administrative action? Administrative action indeed! Administration of a country must be conducted according to the ordinary laws of the land in the best interests of the country. These things are bound to happen in every country. They do happen in other countries. But the difference is this: when these things happen in countries which have the boon of self-government, they are looked at from a different point of view; they have to be tolerated and they have to be dealt with under the ordinary law of the land. But when they happen or are suspected to be happening in a country which is under foreign domination, then of course they are looked at from a different point of view. Why do you not confess frankly that you do these things because you believe we have no power to stop you from doing this? But you are not willing to say that, although you show it in your actions. You have the entire resources of your empire behind you and we are practically impotent. So all these resolutions that we pass every year are to prove to the world the absolute impotency of what is called the Indian Legislature. The Indian Legislature, consisting of a majority of elected members, elected on a limited franchise, wants to say from the housetops that the government of the country is not being run on sound lines. And that is really what we are here for. We do not expect any relief; we do not expect any acceptance of our views; we do not expect any compliance with our wishes. What we want to prove year after year, month after month in this House is that the pretence of holding this country by the consent of the governed, and the pretence that the Government is in any way a civilised Government is a mere hollow sham. The question is a very simple one. There is no war; there is no disturbance of the public peace just now; there is no trouble. You admit these are times of peace; you also admit there is at present an atmosphere of peace all around; why then continue to enforce these lawless laws which even according to your statement are meant for periods of emergency? You are not sufficiently convinced that normal conditions have been restored and I am afraid you will never be sufficiently convinced because these things will continue to happen. We are in a vicious circle. When outrages happen you require this law to be enforced; and when outrages do not happen you say the Ordinance was put into force and it has produced peace. (Laughter.) Action of this kind will perhaps produce more outrages. However much you may deprive individuals of their liberty, however much you may dislike it, you cannot entirely eliminate conspiracies from existence in a big country like India. You say yourself that India is a sub-continent. Well, what is the percentage of these outrages to the total population? If you compare the statistics of crime, in the United States, in France, in Germany, even in Great Britain sometimes, you will find that the percentage here is so small that it is absolutely negligible. Therefore, assuming the accuracy of the facts given by the other side I submit there is absolutely no case on the merits either for enforcing Regulation III of 1918 or for keeping these persons in jail.

I have only one more word to say. There are many friends here who, I believe, are absolutely sincere in thinking that these persons are having all the comforts of life in jails. I wish they had been in our position. I pray they may sometimes be put in that position by somebody. Then they

[Lala Lajpat Rai.]

will find what all these so-called comforts of life mean to a person who has been deprived of the liberty of free movement, free communication and freedom of life. What does it matter if you provide them with all the comforts of life, though I do not admit for a moment that they are provided with all the comforts of life. But assuming for a moment that they are provided with all the comforts of life, of what value are these comforts to a man of sensitive, emotional nature who cares more for freedom than the comforts of life? You will be perfectly justified in saying that this man deserves it. Convicted of a crime, he is a prisoner, and therefore he must suffer, but it is a different matter, entirely indefensible if a man against whom no charge is framed, who has not been tried, is made to suffer, and, if he is of a sensitive nature, he is sure to develop diseases. That is, I submit, sheer tyranny practised by a foreign Government on a subjugated people. That is the real fact. You must look at the whole thing from that point of view. All these arguments and speeches of ours will not convince you of the truth nor shall we on the other side, be convinced by your arguments. For us, it is a question of fundamental rights. We believe you have no right to keep these laws on the Statute Book, and that you are doing it simply for the supposed safety of your domination, of your Imperialism. You believe that these people to whom this Resolution refers are disturbing your administration in this country and therefore you must keep them in jail. That will continue to go on until we have got full legislative power in this House to stop you from doing that. So my friends here who raise these questions do not raise them in the hope that you will accept and act upon any Resolution passed in this House, but they raise these questions in order to show how keen, how universal the feeling is in the country, and how absolutely necessary it is for you to respect that feeling and to show your consideration for that, if you really desire any kind of co-operation from the people of this country in your administration of this country. If you claim that you do not care for any such co-operation, you can carry on in the manner you do. As I said before, it is to prove and to establish our absolute powerlessness and impotence that these Resolutions are brought forward, and it is also to prove that there is a standing grievance, without the redress of which there is absolutely no chance of any political peace in this country. Therefore, I will beg Honourable Members on the opposite side to put themselves for a minute in our position. Let them imagine what would have been their frame of mind if they were in our position. It was suggested by one Honourable Member that it was a mere question of sentiment. Of course, it is a question of sentiment also, but not altogether. The whole world is governed by sentiment. But it is also a question of material benefits of bread and butter. We believe you are taking our bread and butter from our mouths, and therefore we grumble, we weep and we cry. All this is natural, absolutely natural. It is not a question of mere sentiment. Your keeping people behind bars without trial or charge and our exposing that every year, do you call that sentiment? If that is a sentiment, I beg to point out that the whole world, and particularly the British Isles are governed by that sentiment. There is no nation on the face of the globe which values its liberties more than the English people do. The question we have raised is a question of liberty, of having a fair trial. I am rather surprised to hear an Englishman talking of this as a sentiment. It is a question of our fundamental rights; it is not a question of sentiment. I will, therefore, beg of the official Benches

to put themselves even for a few minutes in our position, and then consider what would have been their feelings if they had been in our place. All their speeches, all their literature, and all their actions in history show what their sentiment would have been. No Englishman, for a moment, would tolerate this state of affairs if his people were treated like this; no self-respecting community would have tolerated this for any length of time. We have to tolerate this because we are absolutely helpless, we are absolutely impotent and therefore you justify your actions and say that they are necessary for our safety. Our safety indeed! Please do not justify your actions on the ground of their being lawful. Even if they be technically lawful, they are not necessary, and not in your interests. You are creating a volume of indignation against yourself which practically makes this vicious circle perpetual, and which removes all chances of conciliation. There will be no chance of any conciliation between yourself and the people of this country unless this grievance is redressed. I therefore beg of you, not in any spirit of hatred, not in any spirit of controversy, but in a real spirit of genuine desire on my part and on the part of my people to understand you, to respect our feelings and not to treat us in the way in which you sometimes do. One Honourable Member questioned our right to be the only friends of India. He said the friends of India are not confined to these Benches. I am disposed to retort that the friends of India are confined to these Benches. In any case these Benches are greater friends of India than the Benches opposite just as you are greater friends of Great Britain. You are absolutely loyal, absolutely patriotic to your country and to your people. You are British to the very marrow of your bones. You are patriotic and loyal to your country. Well, we claim a similar honour on these Benches and we are greater friends of India than anybody on those Benches can be. I may tell you that if that were not true, I would be the first person to go and drown myself in the Jumna. There is no Englishman in this country who is a greater friend of India than myself or than people sitting on these Benches. I make no bones about it. I understand the policy of the Government underlying this procedure. I therefore say, don't think we are children and could be satisfied with platitudes. We are grown-up men. You have also helped in making us understand these principles. They are principles well-known to everybody here. Therefore, do not play with us. Do not treat us like children. Say that what you are doing is necessary for the safety of your Empire. Say so. We will probably say that you are wrong but we cannot prevent you from doing as you please. That is the long and the short of it.

Mr. T. O. Goswami: Mr. President, when some one declares himself a "friend of man" I am reminded of a historical incident. There was once a Marquis of Mirabeau, less famous than the Mirabeau of the French Revolution, and he declared himself a "friend of man", and it was said of him in history that "this friend of man was the enemy of all he came into contact with". Sir, without further criticising the speech of the Honourable Mr. Keane, I think I am bound to recognise that Mr. Keane possesses a sporting temperament (Hear, hear)—a temperament which is very common among people of his race. But I wish he had combined with his sporting temperament a little more sportsmanship; for, when he declared that the question of indefinite detention without trial was a sentimental problem, an administrative problem, he was not playing the sportsman. As for Sir Alexander Muddiman, I am afraid his staff in the Secretariat did not really help him in preparing his speech

[Mr. T. C. Goswami.]

as well as they might have done. Sir Alexander Muddiman this morning spoke about his preparation of his speech, in anticipation of Pandit Motilal's speech. I have not got a Secretariat behind me to prepare my speeches, but all the same, I do not envy the position of the Honourable the Home Member, because, after all, within a few minutes of his stating that an informer who was an accused in a trial,—a person who had been accused of a revolutionary crime and tried,—was really an informer . . .

The Honourable Sir Alexander Muddiman: On a point of personal explanation, Sir. I do not know the whole of these cases as perfectly as my Honourable friend does. But my point was a perfectly good one. The man in question was an accused who gave information to the police. He was acquitted and he was murdered because he had given information to the police.

Mr. T. C. Goswami: The accused was acquitted by the unanimous verdict of the jury. That accused was an "informer". Within a few minutes of that statement, the Honourable Member categorically denied the statement about *agents provocateur*. (*Some Honourable Members:* "Why not?") French is neither my language nor that of Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: I think we both talk it very well.

Mr. T. C. Goswami: I believe I shall not be doing an injustice to him if I say that even English is no more his mother-tongue than it is mine. (*Several Honourable Members:* "Please explain.") I think it is obvious to Sir Alexander Muddiman what I mean.

The Honourable Sir Alexander Muddiman: It is not the least obvious to me.

Mr. T. C. Goswami: Sir Alexander Muddiman this morning made what looked like an offer. I must confess that when I came to the House this morning I did expect a more statesmanlike pronouncement from that quarter of the House (pointing to Government benches). I must say that, holding the opinions of which I am not ashamed, I still believe that humanity is not entirely dead on that side of the House.

The Honourable Sir Alexander Muddiman: Thank you.

Mr. T. C. Goswami: Sir, when I read the terms of the Resolution,—the Resolution of Mr. Jogiah,—I felt that, while that was not the conventional language of Resolutions, it was at any rate the language of the human heart, for he spoke of the "barest justice of an immediate release of political prisoners".

I will not employ any invectives in the course of my speech,—for one reason, that no invective can be adequate to the enormity and iniquity of the action of Government in this matter. I am, however, compelled to come back to a subject which was incidentally raised on the 21st January last, namely, certain statements made by Lord Lytton, who happens to be the present Governor of Bengal. That is an important matter, of great public interest; and, since it has been raised, I think it a public duty to state here exactly what I heard from Lord Lytton. On the 16th of January last, Lord Lytton called a little conference in Calcutta, at which some Members of the Legislative Assembly and the Council of State were present. It was not a chit-chat tittle-tattle over the tea-table; it was not

a conversation in whispers; it was meant to have some public importance. As a matter of fact, when I received the very kind invitation of Lord Lytton to come to that Conference, I wrote back saying that the two matters of importance to Bengal (or to any other part of India) at present were, first, the question of political detenus, and secondly, the question of constitutional advance. I know that on the occasion of these conferences instructions about provincial contributions and things of that sort are given. I said, I had no interest in the remission of provincial contributions. (Hear, hear) There is a very good reason for it. What I was interested in was the question of the release of political prisoners; and almost the whole discussion centred round that question. There were two statements from Lord Lytton, which I made Lord Lytton repeat for greater certainty and accuracy. Those two statements were, firstly, that he was prepared to release the political prisoners if they came up to him or his Government—and he frequently suggested that he himself was open to interview them—and told them that they would not in future commit any violent crimes or be concerned in the commission of violent crimes. Now, this statement was somewhat startling to most of us, but Lord Lytton looked surprised and said, "But I thought that was the position always." Whether that was the position always or not, I was not in a position to contradict him, because I had not been in the confidence of Government. But Lord Lytton's statement was categorical. It was made in the presence of several Bengal representatives on the Legislative Assembly and on the Council of State. The second statement was one which I must regard as an admission, *viz.*,—that the people who had not been proceeded against, that is to say, people who have been detained without trial, were people who had committed no crimes but were prevented from committing crimes. Now, Sir, I regard that as a very serious admission. Lord Lytton apparently did not think so, but I take it it is the ordinary civic duty, not merely on the part of officials but on the part of every citizen, to attempt to prevent crime; but that does not mean that in trying to prevent crime I should lock up people indefinitely. This distinction which Lord Lytton drew in the presence of all of us was between the trials that have already taken place since the promulgation of the Ordinance, in all of which convictions were secured and the case of these detenus who are rotting in jail without trial. Now, I thought it was admitted that these people at any rate did not commit any crimes but were merely prevented from—(a very good thing to prevent crimes, I admit.)—from committing crimes. Now I know of no system of law which would punish any person who has merely been suspected of a design to commit crime. There is no system of law which would sanction such a procedure. There is nothing in India which can justify that procedure. Now, the Home Member ought to take account of these statements. I have now made these statements publicly,—it is true, under cover of privilege; but the cover of privilege is a thing which I have not deliberately sought in making this statement. It is for the Government of India to act up to the statements of Lord Lytton.

The Honourable Sir Alexander Muddiman: Since he has disclosed his account of the interview, might I ask my Honourable friend what he said in reply?

Mr. T. C. Goswami: That I said in the House only the other day.

The Honourable Sir Alexander Muddiman: That was the same transaction.

Mr. T. C. Goswami: Exactly, Sir. My point of view was that there was no justification on the part of Government to demand an undertaking; but it depends on the form of the undertaking. I still maintain that Government have no right to demand an undertaking. It all depends on the form of the undertaking, and what I really told Lord Lytton was that, while it was possible to take the view I was taking, it would be my duty to have his statements communicated to some of the prisoners in Mandalay.

I repeat, Sir, that a much more statesmanlike attitude was expected of the Government of India, and it is not yet too late. I take it that the Home Member will exercise his right of reply. I have seen him on a previous occasion almost willing to forego that right. But in the course of his reply, I hope he will be able to give us an offer which is more honourable both to himself and to the country.

He has spoken of the personal safety of some high officials which demanded these severe steps. Sir, that is a very bad justification of such a serious step, because, after all, there are other means of protecting these high personages—Governors of Provinces—if they are among the persons concerned; because their safety is mentioned by Sir Alexander Muddiman—have a substantial bodyguard, for the upkeep of which we have got to pay a very large sum of money. They have got a very huge staff of armed policemen. That also costs money. It is not that we Indians have been niggardly about the protection of high personages. The whole of Calcutta is full of the C. I. D—for whom? Not for my benefit, but for the benefit of high personages! When Lord Irwin went out, outside his official tour programme, to some obscure village outside Calcutta last winter, places all round Alipore were filled with policemen, lest His Excellency might stray from the right path and be in peril. (Laughter.) There are other means of securing the safety of these great people, and I say, on principle—and I am speaking very seriously—even the lives of the highest officials are not more sacred than the liberties of the people. And, Sir, what do we say? As against the catalogue of 8 or 8½ incidents of crime which the Honourable the Home Member read out to us in the morning, we say that in Calcutta last year people were openly murdered, assassinated in the open highways of Calcutta.

The Honourable Sir Alexander Muddiman: Who by?

Mr. T. C. Goswami: Not by the revolutionaries.

The Honourable Sir Alexander Muddiman: By my police?

Mr. T. C. Goswami: Not by your police, except sometimes.

The Honourable Sir Alexander Muddiman: Thank you.

Mr. T. C. Goswami: But they were unable to protect the lives of the people; and if you calculate the number of casualties that took place in Calcutta last year in the open thoroughfares of Calcutta, you would come to the conclusion that, if a bomb exploded in every street of Calcutta every day, or twice a day, the casualties would be much less; so that you cannot say that because a bomb has been thrown somewhere, therefore hundreds

of people have got to be spirited away by an executive decree. There is another thing which I am tempted to refer to by the speech of the Honourable Mr. Keane.

Mr. President: I am tempted to ask the Honourable Member to bring his remarks to a close.

Mr. T. C. Goswami: Mr. Keane suggested that the revolutionary party were the unseen wing of the Swaraj Party. I am sure the Government had always taken it for granted. I am asking the Home Member now.—I am challenging the Home Member,—to deny this. The arrests under the Ordinance were made on the 25th of October, 1924; but the warrants were all signed on the 28th of August, 1924,—the day following the defeat of Dyarchy in the Bengal Legislative Council. I challenge the Home Member to deny that. He has himself made use of the logic of "*post hoc propter hoc*". I think I can with equal justice apply the same logic to this procedure.

Sir, before I sit down, if you will give me just one minute, I want to refer to a very serious matter; and that is the health of some of the detenues. Take the case of Mr. Subhas Chandra Bose. After a long correspondence—and very acrimonious correspondence it had to be—Government produced the report of the Civil Surgeon in charge of the detenues in Mandalay. There he says that the case should be "carefully watched by charting the temperature regularly for any sign of tubercle". Now, Sir, this is a very serious problem. You hear a man is about to be the victim of a very serious disease and then his relations offer to get him treated in their own way. They are not demanding his freedom. If it is your contention that their liberty is dangerous to the liberty of the other people, I do not see why a doctor cannot visit Mr. Subhash Chandra Bose inside the prison. Sir, there are other cases which I could mention, but the President has already warned me that I must bring my remarks to a close. There are heart-rending incidents; for instance where a man, whose wife was dying, was not even told about the progress of his wife's health;—a progress towards death. He was callously informed, later on, that his wife had died. Sir, I do not want to describe that treatment, because it is incapable of description in any decent language. Sir, there are many other cases. These cases we have tried to bring up in newspapers. It is a very sorry tale, Sir, and the conclusion that one is forced to is this,—that the Government of Bengal have been vindictive about these detentions; because it is known—and I can prove it from correspondence—that the Government of Burma have always been willing to treat these prisoners in a more humane fashion, to give them better accommodation, to give them better facilities of creature comforts. I do not say that that is the redress of all our grievances; I know it for a fact, that the Government of Bengal have always turned down all the ameliorative proposals of the Government of Burma. Sir, I again appeal to the Home Member that in the interests of the Government of India itself they should not further inflame the wrath of the country; because though, as Lala Lajpat Rai has rightly said, we are weak, the potential strength of the country has not yet been tested. „

Colonel J. D. Crawford (Bengal: European): Sir, I propose to be very brief in what I have got to say because it seems to me that nearly everything which can be said on this subject has already been said and that this debate is following the good or bad old lines of previous debates and

[Colonel J. D. Crawford.]

with much impassioned and very often irrelevant eloquence in the House, and a good deal of laughter in the lobbies, we shall finally proceed to register yet another Swarajist victory. But in the meanwhile a very real and a very difficult problem remains unsolved. The constitutional liberty of the subject is undoubtedly a matter of real importance to every Assembly of popular representatives. I can assure other sections of the House that my section is as equally interested in that liberty as they are. But that constitutional liberty of the individual has in times of emergency, in all countries, to give way at times to the safety of the State and the safety of society. In England only last year, during the general strike, they had to have an Emergency Act. I don't know whether Members realise that even in England emergencies do arise which necessitate the grant to Government of extraordinary powers.

Mr. O. S. Ranga Iyer: Do you consider the situation in Bengal the same as that during the general strike?

Colonel J. D. Crawford: I consider the situation in Bengal possibly a good deal worse than that of the general strike at home. That was the position that we were faced with in 1923-24, although we had not on this side of the House the mass of evidence that we have since got. Yet we were able, from reports in the papers, to learn of political dacoities involving the lives, not only of Government officials, but of ordinary Indian citizens and showing that witnesses had been intimidated. We felt that the situation was such as to justify us in supporting the grant to the executive of repugnant powers, repugnant to us, to deal with the situation.

When I spoke on the question the last time, I stated that our position was that we had agreed to the grant of those powers to the executive and that the responsibility rested, in our opinion, on the executive as to when the detenues could be released, and that is our position to-day but for one factor, and that is the factor of time. These men have now been detained in jail without a trial for 2½ years. There is a suggestion from some parts of the House that the men could be brought to trial. I do not consider that a wise suggestion because these men have been placed under detention without trial for a reason. The evidence which could be produced, if disclosed, would also disclose the source of information, and that means that the police, who consider it their duty to keep in touch with revolutionaries, would lose touch with the organisation and this would possibly increase the danger. That is the reason why you cannot bring them to trial, because your evidence would disclose the sources of information.

But it is obvious that no one is willing to go on indefinitely keeping these men under restraint. Yet at the same time we have to remember that on the last occasion of a general amnesty we had a recrudescence of the revolutionary movement and the loss of life of many Indian citizens, perfectly innocent men.

As it appears to us, there are two fundamental principles upon which the release of these men could be considered. The first would be that the organisation or organisations are completely broken up.

Or, in the alternative, that our police organisation was such that the men released could be kept under police surveillance in order to see that they did not again engage in dangerous activities of this nature. As regards the first alternative, it does not appear that these organisations have yet

been broken up, because we had recently in Calcutta the discovery of a certain number of bombs and revolvers. As to the question of police organisation, whether it is sufficient or not to provide that surveillance which we believe is necessary is a matter for the Executive to say. But it does seem to us that you could not release the 90 odd men who are now detained all at once. Also some of these men, as judged by the evidence in the case of the murder in the Alipur jail, are extremely dangerous; in fact they may be called homicidal lunatics, men whom it would be wrong for the Executive to let loose on society at any time.

Mr. Nirmal Chunder Chunder (Calcutta: Non-Muhammadan Urban): But they are not the detenues whom this Resolution speaks of.

Colonel J. D. Crawford: There are others, however, whose powers for danger have been considerably reduced.

Mr. T. C. Goswami: Are you speaking as a mental doctor?

Colonel J. D. Crawford: I am speaking as a member of my Party. The lobby correspondent of the *Pioneer* had a suggestion in his notes to-day that Government would possibly make an important statement, and I listened with interest to the Home Member's speech. I feel that Government are prepared to review their existing policy (*Mr. M. A. Jinnah*: "When?") and I trust that the continued reconsideration of that policy will in the end lead us out of the impasse into which we are fast drifting.

Mr. K. C. Roy (Bengal: Nominated Non-Official): Sir, there are two distinct propositions before the House, the Resolution moved by my Honourable friend, Mr. Jogiah, for the repeal of Regulation III of 1818 and two analogous Regulations of Bombay and Madras, and the amendment put forward by Pandit Motilal Nehru. For the amendment there is a substantive offer by the Leader of this House. I shall not therefore review that point. I am more concerned with Regulation III of 1818. I was a witness before a committee which was appointed by the Government of India in 1921. It was done at the instance of a motion moved by my Honourable friend, Mr. Srinivasa Sastri, in the Council of State. The Committee was presided over by a very distinguished Indian jurist, Sir Tej Bahadur Sapru, and the Government of India was ably represented on the Committee by Sir William Vincent, the first Leader of the House, a man of great administrative and judicial experience. This House was represented by no less a person than Sir Sivaswamy Aiyer.

Mr. President: Order, order, I thought there was a general agreement among all parties in the House that we should not discuss the question of the repeal of Bengal Regulation III of 1818, but confine our attention to that part of the Resolution which relates to the release of detenues. That is the basis on which this discussion is proceeding.

Mr. K. C. Roy: I was not aware of it. Moreover, I feel the Resolution of my Honourable friend is more important.

Mr. President: Technically the Honourable Member was right in making his speech on Bengal Regulation III of 1818, but I thought there was a general desire to restrict this discussion to the release of political detenues, and I think the House had better confine its attention to that and that alone.

Mr. K. C. Roy: My view is this that, if the view of the Repressive Laws Committee is accepted, there would be an automatic release of all political prisoners. Sir, that Committee had ample opportunity of examining some of the front rank men in India. There was a witness from Bombay, Mr. Bhulabhai Dessai, Mr. Kunzru came from Allahabad and many others who occupy very responsible positions in public life. The Committee came to an unanimous decision and that decision was, subject to certain restrictions, that Regulation III of 1818 should be repealed. I, Sir, with your permission, will read a short extract from that report :

"We are quite satisfied with the continued necessity for providing for the original object of the Regulation, in so far as it was expressly declared to be 'the due maintenance of the alliances of the British Government with Foreign Powers, the preservation of tranquillity in the territories of Native Princes entitled to its protection and the security of the British Dominions from Foreign hostility,' and only in so far as the inflammable frontier is concerned from internal commotion."

Sir, this was accepted by the Government of India in September 1921. As a result of the Repressive Laws Committee, nearly all the obnoxious laws in the Indian Statute Book were wiped out, but this Regulation was allowed to remain. A question was raised by Sir Hari Singh Gour in 1924, when Sir Malcolm Hailey stated that he was not then prepared to repeal it. I accept all the statements made by the Honourable the Home Member in respect of the existence of anarchical conspiracies in Bengal. Sir, those who have followed events since 1922 up to now will realise that the statement the Honourable the Home Member put before the House is substantially and materially correct. Now, Sir, the position has changed considerably. All the provinces are quiet. There is no trouble on the frontier and no abnormal state of affairs in the upper provinces of India. The Punjab is quiet. There is only a little disturbance in Bengal. Why, Sir, not accept the offer made by Sir Alexander Muddiman and also ask for the repeal of the Regulations? In my evidence I made it clear that I was for its repeal and to-day I stand for it.

Mr. F. W. Allison (Bombay: Nominated Official): Sir, like my Honourable friend Mr. Keane, I acknowledge the sincerity of the appeals made by Honourable Members opposite. The arguments which they have addressed to the House would, I think, strike any impartial auditor as proceeding from the heart rather than from the intellect. They are influenced by their sympathy for these unfortunate persons who are detained and for their wives and families. Sir, I should like to have heard utter just one word of sympathy from the Honourable Members opposite for the wives and families of those who were murdered by the revolutionaries in Bengal.

All the Honourable Members who have spoken have referred to the respect which every man should have for the freedom of the individual. Sir, I respect the freedom of the individual as much as Honourable Members opposite, but that freedom must be subject to the paramount consideration of the safety of the public. Sir, as far as Regulation III is concerned, I understand that point is not immediately before us. It was not stressed by the Mover of the amendment and was hardly referred to by any other speaker except Lala Lajpat Rai. In fact, the discussion so far has proceeded on the basis that Government, any Government, must

be given and must exercise extraordinary powers which may limit the liberty of the subject in cases of emergency; and that proposition, Sir, I think, can hardly be challenged by anyone. The question then to my mind resolves itself to this. Is the Government justified—having these powers, is the Government justified—in using them in the present emergency to the extent of detaining these men in jail? Well, Sir, I will say at once that, if it is shown or can be established that the retention of these men in jail has as a matter of fact saved the lives of even 2 or 3 innocent citizens, I should be prepared to support it; and if it is put in that form, I think that even Honourable Members opposite will be prepared to admit that the action of the Government was fully justified. Therefore, Sir, a question of this kind resolves itself into this simple form. Is the Government satisfied that the detention of these persons is necessary in order to save innocent life and, if the Government is satisfied, is this House content to accept their assurance? Sir, I would ask Honourable Members of this House to dismiss for a moment their sympathies with the individual persons and reason on this point as they would on any other point which might arise in the conduct of their daily business. I propose to address to the House very briefly three arguments which, to my mind, are sufficient or should be sufficient for any reasoning man to establish fully the necessity of keeping these persons under restraint, with the sole object of saving innocent life which might be and would be sacrificed by a further revolutionary outburst. The first justification that I would put forward before the House for this proposition is that we have the guarantee of the Government that the papers in each case have been carefully examined. They have been submitted to the highest authorities, men to whom the destinies of the province of Bengal and of the Government of India have been committed; and these are the persons who have satisfied themselves and have informed the world that there is reasonable cause to suppose that these men who have been interned were actually engaged in anarchical conspiracy and that their release would immediately result in the loss of innocent life. Well, Sir, I think, knowing the character of these men to whom I have referred, this House and the whole of India would do well to accept that assurance. But I do not rely on that alone. I would invite the attention of the House to what we have heard this morning from the Honourable the Home Member. Many of the Members opposite who have lived in Bengal have intimate knowledge of the state of things before the Ordinance was passed and the state of things since the Ordinance has been passed. Many of us, Sir, at one time or another, have gone through a course of instruction in the science of logic. It is not, it is true, a perfect form of induction to infer that, when a certain state of things has long continued to exist in combination with phenomena which might reasonably be supposed to have caused it, and has ceased to exist the moment the latter have been removed, that the relation of cause and effect has been fully established. But, Sir, let us consider the circumstances. Before the Ordinance and the Act were brought into force there were many revolutionary outbreaks in Bengal. As soon as these men were detained these outbreaks practically ceased. That, Sir, is an inference that any ordinary man in the ordinary course of life would accept as tending to a great extent to show that it was the shutting up of these men which actually caused the cessation of revolutionary outbreaks, because it was these men who were responsible for them. Then the third reason which I have come to put before the House for the justification of my conclusion is

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one which is really drawn from what my Honourable friend, Lala Lajpat Rai, told the House, namely, the effect on the country, adverse to the Government, of the continued detention of these people. Sir, I for one am proud to believe that the present Government in India is honest and is actuated by the highest and best of motives, and it goes forward with the simple object of promoting the good and the interests of the whole of India and of all the people and all classes in the country. But, Sir, let us assume that every accusation that has been brought against the Government is true, that it is a Satanic Government, and that it entirely disregards the legitimate aspirations of the people of this country, and that they are here solely in their own interest. Assuming that to be the case, can any possible reason be assigned for the action of such a Government in these circumstances, supposing that Government knew these men to be innocent? Sir, I say it is impossible to assign any other motive for a Government, even if actuated solely by self-interest, for keeping them in detention except that it knows that they have been guilty of anarchic conspiracy and that they are a source of public danger; because otherwise every possible motive of self-interest would induce Government to take the obvious and easy way of escape from the present circumstances and let the men go. To my mind, Sir, Government have done the right thing, and I hope Honourable Members of this House who have considered this question carefully will agree that the Government are justified in the course they have adopted and, that they must, in the exercise of their responsibility, continue to keep these men in detention until they are satisfied that they can be safely released.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I intervene in this debate only to express on behalf of my Party, along with Pandit Motilal Nehru, that it is really impossible for the Government to expect any co-operation on the part of the Congress if the attitude which they have so far maintained in connection with the political detenus is to be continued, and I wish to answer in brief the arguments which were urged by the Honourable Sir Alexander Muddiman. His tale is a thrice-told tale, and I did not see very much new matter introduced to-day except matter which demolished the matter which he first advanced.

The Honourable Sir Alexander Muddiman: This is at any rate the first time that the Honourable Member has heard my tale.

Mr. S. Srinivasa Iyengar: He said that the very detention of these detenus in jail has conducted to peace and order and to a diminution in violent crime. Then immediately he proceeded to cite a number of instances, not one or two, but as long a number of cases as the cases which induced him and the Government to put these people in jail. It showed at once that the argument was one which was unconvincing to himself, and certainly it could not convince us on this side of the House. I certainly feel very much saddened by the remarks which the Honourable Member from the United Provinces, Mr. Keane, made. His speech to the effect that he is not going to convert us and that we are not going to convert him perhaps is about the truth. If it is so, then I am rather sorry for the Members on this side of the House, and I am certainly not sorry for those who are on that side of the House. It is to be hoped that on a matter like this we would just for a moment forget party differences and political differences, that we are Members of Government or Members

of Congress, or of this or that party, and realise the gravity of the situation! But if we forget fundamental humanity and take to arguing on the lines of party in the way in which the Honourable the Home Member and Mr. Keane argued, it is pretty plain that it is no use for many of us here repeatedly urging this except as Lala Lajpat Rai has pointed out, to show our utter helplessness. I consider that there is really no ground for the detention of these prisoners either in its inception or for their continued detention now. Sir Alexander Muddiman's instances, on examination, prove to be instances showing just the contrary of what he set out to prove. He set out to prove that witnesses were terrorised when giving evidence, persons were prevented from giving information to

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Government, juries were prevented from convicting persons who were put up as accused persons and it was impossible to secure conviction, and therefore special repressive measures were necessary, and that is why this kind of legislation which was abhorrent to the instincts of every average Englishman had to be undertaken and this very unusual step had to be resorted to, much to their disgust and annoyance. But it is perfectly plain that the record of these cases has been closely examined during the last debate in 1925, when this matter came up in connection with the Bengal Criminal Law (Amendment) Act, when my friend Pandit Motilal Nehru examined them one after another and showed in his speech that in half the cases conviction was secured and in the other half no witnesses were really frightened from giving evidence but the acquittals were due to the fact that the jury and the judge did not believe the evidence that was put forward. It was quite easy to rely on these old cases and to magnify their importance. After all, a Government that pretends to administer this country must rest either upon legal foundations or upon moral foundations. If there are fundamental legal rights of subjects, then they must be respected. One set of such rights must be the right to an open trial, the right to be charged with the offence and the right to have evidence given in an open court of law. If this is denied, then it is obvious that the Government and the administration by that Government do not rest upon legal foundations. Then it must rest upon moral foundations. As Lala Lajpat Rai pointed out, in case of war or very near that, you may have to have recourse to special procedure. Can we say that most Indians are morally convinced that there was a case made out for the detention of these prisoners? Certainly not. We here on this side are not less anxious for peace and order than the Members on the other side. Is it to be supposed that we are not much more interested in it than the Members of Government? (Hear, hear.) If we are interested in it and if we still say that these are not proper laws to enact, these repressive measures should not have been undertaken, and these men should not have been put in jail or be now detained in jail, it is because we feel that the Government is doing it deliberately, scientifically and for political purposes, and is not adopting these repressive measures for the purpose of putting down actual violent crime which it feels convinced does exist in this country. I dispute the *bona fides* of Government in this matter. I do not believe they are convinced of it. But they do want to prevent or regulate political agitation in the country. They want the political leadership of the country and they naturally want to terrorise the people. The terrorism is on the other side, on the side of Government, not on the side of the people. I certainly think that, if under this Bengal Ordinance the Government is put in these jails, undoubtedly the terrorism would disappear in no time and peace and order would be restored. I find Lord Morley when he wrote to Lord

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Minto saying that " You admit that, being locked up, they can have no share in this abomination, but their continued detention will frighten the evil-doers generally ". After all, we must get to know the heart of Government from the statesmen who in the past have governed this country both here and in England, and we see that these measures are adopted, as Lord Morley says, because their continued detention will frighten evil-doers generally. It is to make an example that these things are done. Therefore the Government does not in the least care whether men are innocent or guilty. They somehow put persons in jail saying, " Somebody murdered somebody else and therefore let us have A, B, and C in jail and if they are not the right men it does not matter ". Some men are required and there are people who, according to Mr. Keane, are the invisible supporters of these very visible detenus whose agitation it is very inconvenient for us to face and therefore those agitators must be put down. The cat was out of the bag when Mr. Keane said that these measures are adopted with a view really to put down political agitation. I consider that we are not here to mix up political agitation with the release of prisoners. I consider the release of prisoners or their being put on trial as an issue by itself and that it stands on its own merits, and the proposition which my Honourable friend, Pandit Motilal Nehru, moved is a self-respecting proposition. We do not sue for any clemency. We ask that they should be put upon their trial or released. If the Government really wants to co-operate with the people, then it will take the measures suggested in the proposition. But if it does not want the co-operation of the people at any time, at present or in the future, but wants to govern in its own way as Lala Lajpat Rai said, by all means let them go on. I have not the slightest doubt that this accentuation of feeling which has arisen in the country between Indians and Englishmen is mainly due to the policy of repression which has been pursued. In our country it is unfortunately true that repression has occasionally succeeded in repressing our people and the bureaucracy think that they can put down political agitation by periodical repression. Because of that, they are persisting in their policy. But the time has come when repression of this description will certainly not daunt us and we will go on in spite of any amount of repression. Therefore, I warn this Government to desist from continuing the action which they have taken in the past. It was convenient to them to initiate this policy in the past when there was not that unanimous feeling which there is in the country to-day. As some of my Honourable friends who preceded me said, on this matter of repressive policy of Government there is very little difference of opinion. To-day in the country the Government cannot get together a party. There was a time when I know that Government could get together a party before launching upon repression. I know that perfectly well, and that has been done on very many occasions. But, hereafter, it will be impossible for them to get together a party except an obscurantist party here and there. Therefore, I would warn Government, if they really think that they should not obstruct the progress of popular affairs but should co-operate with men on this side of the House, they must mend their behaviour. If they really think that we are suing for peace and that by this periodical adoption of this policy of first repression and putting people in jail and continuing to detain them there for a number of years, and afterwards releasing them the politics of this country can be brought under their control, they are very much mistaken. We know perfectly well that, if we made this the only condition of our co-operation, the

Government would agree to release these prisoners forthwith; I have not the slightest doubt about it. The Honourable Sir Alexander Muddiman may give an emphatic negative, but I have not the slightest doubt about it,—if to-day the country is prepared to co-operate with them they will certainly release these prisoners. But what will they do thereafter again when we want more advance? They will launch further repression and put people in jail again so as to prevent us from getting any further advance. Therefore it is that this vicious circle must be broken at some place or another. I think our eyes have been opened and those of us who have been moderates in the past have become certainly extremists. I do not think anybody need be ashamed of the word 'extremist'. I certainly was a very mild man and I hope still to be a mild man but I certainly believe that, as my friend Mr Acharya said, I would be doing my duty by the country properly if, instead of Mr. Subhash Chandra Bose, I were in his place in jail. I certainly consider that God's judgment will be upon this Government, if the judgment of the Indian people will not make them bend. All that human beings can do we shall do, but, if we cannot teach the Government a lesson, I leave it to Providence to teach them a lesson and pray God's own condign punishment will descend upon their head.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadian Rural): When I saw Mr. Keane, who I am sorry to say hails from the United Provinces, rise from his seat, I was never in doubt even for a second about the general tenor of his speech, but what he has actually said has taken me somewhat by surprise. As one of the Secretaries of the United Provinces Government and later on its Chief Secretary, he constantly defended untenable propositions but, having followed his speeches carefully, I can say I remember no occasion when he made a more unconvincing and a more unreal speech. But to do him justice, I feel that, had he been left to himself, he would have preferred to maintain silence. He was suffering from the disadvantage of having to deliver a speech to order.

In a debate like this, Sir, it is possible to let the discussion range over a wide field, but I propose for my own part to confine it to practical issues by following the lines laid down by the Mover of the amendment and the Honourable the Home Member. Two questions arise in this connection, first, whether there is a revolutionary conspiracy, and second, what is the extent of it and how it should be dealt with. Now, the existence of a revolutionary conspiracy has never been questioned. The Home Member devoted a great portion of his speech to the citation of a number of cases with the object of showing that a revolutionary conspiracy existed. In so far as its existence is admitted, the mention of the numerous cases contained in the speech of the Home Member can scarcely have any effect on the Assembly. Apart from this, as has been pointed out, nearly all the important cases cited by the Home Member were referred to by him two years ago and were met point by point by the Honourable Pandit Motilal Nehru. The Mirzapore Street bomb case was in particular referred to pointedly by Pandit Motilal Nehru. After pointing out all the facts of the case he asked Government whether it was possible that a man who had been prosecuted by Government and who was subsequently acquitted could be regarded as an informer. The Honourable the Home Member wound up the debate at the end. He had the last word on the subject. Indeed under our Legislative Rules Government officials have the last word on every subject; and, if he did not choose to reply to the pointed arguments

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used by Pandit Motilal Nehru, we should be pardoned for remaining unconvinced by the belated explanation offered by the Home Member two years after his inability to meet the arguments of Pandit Motilal Nehru.

Now, the revolutionary conspiracy, Sir, being taken for granted, the point is whether the men who have been arrested should be brought to trial or not. I am glad that it has been made clear during the course of the discussion that the Resolution does not ask for the release of prisoners: it only asks for their release in cases where Government are not prepared to bring them to trial. But, apart from this, whatever our own feelings might be, this Resolution does not even ask that the Bengal detenus should be tried in accordance with the ordinary law of the land. You have laid down a special procedure for the trial of offenders of a certain kind in the Bengal Criminal Law Amendment Act. The amendment of Pandit Motilal Nehru does not prevent you from following that procedure. Now it has been said that, if the persons who were arrested about 27 months ago are brought to trial, Government might be compelled to disclose a great deal of information which might endanger the safety of Government officials and of law-abiding citizens. Honourable Members are surely aware that provisions relating to the appointment of special tribunals are contained in the Bengal Ordinance issued on the 25th October, 1924. They are embodied in the Criminal Law Amendment Act which came into force in March, 1925. Besides, this Honourable House passed supplementary legislation in 1925 enabling those who were convicted by special tribunals to appeal to the High Court. Now, why was the procedure of trial by a special tribunal provided for? Why were provisions relating to this subject embodied both in the original Ordinance and in the Criminal Law Amendment Act, if Government thought that the men who were arrested could not be brought to trial without disclosing facts which, for reasons of State, they wished to keep secret? It was surely known to them, when the Bengal Ordinance was promulgated and when the Criminal Law Amendment Act was passed, whether they would be able to bring the offenders to trial or not? Is it fair, after providing for the trial of cases in the Bengal Criminal Law (Amendment) Act, and providing even for appeals to the High Court in order to allay public agitation, to refuse persistently to make use of those provisions?

The Honourable the Home Member argued the case for the detention of the detenus on administrative grounds. Now, I am sure Government will recognise that for the maintenance of peace and order they have to depend not merely upon laws but also upon the force of public opinion. They will recognise that it is of no less potency than laws in securing obedience for such measures as they might promulgate. They will also bear in mind the complaints that were made years ago in the old Imperial Legislative Council on account of the operation of the Defence of India Act. Its administration shows that it is possible, Sir, for administrative reasons, to create a wilderness and call it peace. But, even for administrative reasons, it should be recognised that it is possible to carry a measure too far, and, when it is borne in mind that not merely extremists but even those whom Government would regard generally as entertaining sober views and as being on the side of law and order—for example, the Indian Association of Calcutta,—doubted the necessity for the promulgation of the Bengal Ordinance, the amendment of Pandit Motilal Nehru gains

considerably in force. You have detained these men for 27 months. We know that they cannot be indefinitely detained, for the Bengal Criminal Law (Amendment) Act can last only for five years. (*An Honourable Member* "It will be renewed.") Renewed, if it is renewed. That is a different matter, but the present Act at any rate limits its operation to 5 years. (*An Honourable Member* "Then there is Regulation III.") Will you not, then, in view even of the grounds on which the efficiency of administrative action rests and in view of the unreasonableness of the very opinion which has generally been with you in the maintenance of law and order, revise your decision and thus have on your side a force of considerable value, *viz.*, a conciliated public opinion?

Maulvi Abdul Matin Chaudhury (Assam Muhammadan). Sir, in rising to speak upon this amendment at this far end of the day, I have no desire to take up the time of the House in repeating all those arguments which have been advanced from hundreds of platforms throughout the country, against the injustice or iniquity of detention under Regulation III or the Ordinance. I shall, Sir, merely confine myself to the consideration of the question in the light of the latest official pronouncements on the subject. The Viceroy, Sir, in his speech, has laid down two conditions for the release of these prisoners, firstly, a change in the condition of the country brought about by the total suppression of the revolutionary movement, and secondly, a change in the mentality and the outlook of the detenus. As regards the first condition, Sir, the change in the condition of the country brought about by the total suppression of the revolutionary movement, what I do not understand is this. If the police fails in its primary duty of rooting out the revolutionary movement from Bengal, why should Mr Subash Chunder Bose or his friends be penalised for the inefficiency of the police?

As a matter of fact, Sir, by the continued detention of persons whom millions love and respect and believe to be innocent, it is the Government who is creating the atmosphere in which revolutionary crimes thrive and prosper. By its policy of detention, the Government is exasperating the public and adding fuel to the revolutionary fire. I shall be repeating merely a truism. Sir, when I say, that, in spite of the firm hand of the Government to which the Honourable Home Member has referred, Bengal will have no peace, no rest, so long as Subash Chunder Bose remains in prison. Human nature being what it is, the Government, if they persist in this policy, will have to wait till doomsday for the revolutionary movement to be weeded out of Bengal. When the policy of the Government and the inefficiency of the police conspire to keep alive the revolutionary ferment, why should the people who are safely locked up in the jails be made to suffer for it?

As regards the second condition, Sir, I do not know by what psychological process the Government intend to discover a change in the mentality of the detenus, unless they are prepared to release them and give them a chance of proving by their conduct what they have all along maintained, that they had no share, and no desire to share, in this revolutionary movement. Many of the detenus who were arrested and subsequently released, many of them men of brains of which the Honourable the Home Member is so much afraid, are not known to have abused their liberty. At any rate, Sir Charles Tegart and his police officers of Elysium Row can very well be trusted to look after these well-known characters. Lord Lytton, whom Mr Keane has referred to as the embodiment of all liberal

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sentiment, too, seems to have a very uneasy conscience over the matter. He is prepared to release them on their giving an undertaking; but, Sir, cannot we expect the Government to rise above petty considerations of prestige and by a bold gesture of courage and statesmanship release these prisoners without trying to extract from them an undertaking against which their sense of honour might rebel?

These gentlemen, Sir, have suffered much on merest suspicion. Even the criminals, convicted for long terms of imprisonment for most heinous crimes, have this solace and consolation that some day, on some definite day, whether near or distant, they will come out of the prison-gate. This enables them to bear with fortitude the privations of jail life. But even this consolation is denied the State prisoners. Theirs is a lot unrelieved by any such prospect. Theirs is the path that has no turning. Day in and day out, they are to drag on their monotonous and miserable existence, gradually pining away and sinking slowly to the grave. Not unnaturally many fell diseases find in them an easy victim. Even Subash Chander Bose, who was the very picture of health at the time of his arrest, and who was reported to be living in a sort of earthly paradise, with the diversions of cricket and ping-pong, had to be removed to Mandalay for medical examination. This to my mind is probably the most refined form of the Inquisition ever invented by a civilised government. I have often wondered, Sir, whether the guillotine was not more humane, more merciful than this continuous torture.

Supposing, Sir, in a momentary lapse into statesmanship, it not into justice, the Government decides to release these prisoners and give them a chance of mending their supposed erratic ways. What can be the possible effect of that? The Honourable the Home Member has drawn a very doleful picture of the future. If you will allow me, Sir, to indulge in a little bit of prophecy, I can assure the House that the mighty British Indian Empire will not collapse on the morrow of Subhas Bose's release. Things, Sir, will go on just as merrily as before; the Congress office will not be shifted from Bow Bazar to Writers Buildings, nor is Mr Subash Chandra Bose likely to take up his residence at Belvedere (Applause). Clive Street will still be infested with Burra Sahibs and Boxwallas. Arrogant and intemperate speeches will still be made at St. Andrew's dinner and we are not likely to meet the anarchist with a revolver under his arm-pit at every street corner. The only difference will be that Calcutta will be a better, a cleaner, and a healthier city to live in when its energetic and selfless Chief Executive Officer is restored to the Corporation.

Before I sit down, Sir, I should like to make an appeal to the conscience of the bureaucracy, provided, of course, Sir, such a thing as conscience can exist in a "steel frame" (Hear, hear). The position of the Government, Sir, was never stronger than it is to-day. We must admit this, to our great shame. We have it on the testimony of the Secretary of State that the political situation has greatly improved in India. The Government can, therefore, very well afford to take an indulgent view of the situation. The country, with a united voice, has demanded the release of these prisoners. If the Government fails to pay heed to them, it will only strengthen the popular conviction that neither the earnest appeal of Pandit Motilal Nehru nor of the other leaders on the floor of this House, can move the flint-hearted bureaucracy, and it will be said, Sir, and, I

say, said rightly, that the Government is more afraid of the methods that this handful of young men are supposed to stand for than of the united constitutional protest of the entire nation. That, Sir, is not a salutary lesson to teach to the impulsive and emotional youths of Bengal. I would therefore appeal to the Government: Do not drive Bengal to despair and to yet more desperate means. (Applause).

Mr. H. Tonkinson (Burma: Nominated Official): Sir, before referring to some of the remarks which have been made in the course of this debate, I wish to state with all the emphasis at my command that it was only compelling circumstances which forced the Government of Bengal and the Government of India to take the steps which are complained of in the Resolution before the House and in the amendment which has been moved by my Honourable friend the Pandit. It was only in very exceptional conditions that Government would have taken the action which they did. In this connection, Sir, I should like to quote a passage from the speech of His Excellency the Viceroy in this House on the 24th of January 1927. I do not propose to quote the passage which has already been quoted, but another one. His Excellency said with reference to the British people:

"Their own inherited qualities left them no alternative but to open to India the path in which they had themselves been pioneers and along which they have been, and are, leading the peoples wherever the British flag is flown."

That quotation was made in reference to another point, but I submit that the question which we are now considering is one, one of the perhaps very few others, in which the British people have also been pioneers. It is, Sir, to the principles of British jurisprudence introduced into British India by British people that appeals have been made in this case. And I say, Sir, that the inherent qualities of the British people would have caused them to proceed against the misguided persons who have been detained under Regulation III, or whose movements have been restricted under the Bengal Criminal Law (Amendment) Act, by open trial if compelling circumstances had not rendered that impossible. Therefore Sir, although in the course of my remarks I wish to defend the action that has been taken by Government in regard to these people, I trust that it will be realised that I defend the action of Government at the present time with reference only to the special circumstances of Bengal. The previous histories of His Excellency the Governor of Bengal, of His Excellency the late Viceroy, of the Secretary of State under the late Labour Government, during whose term of office the Ordinance was drafted and brought into force, and of the present Secretary of State, should, I think show that only in very exceptional conditions would they have used these powers.

I now turn, Sir, to what I have described as the compelling circumstances of Bengal. I have no time to draw a complete picture of the distressful history of revolutionary crime in Bengal. I have not the time to go through the long series of political robberies and dacoities. They constituted a very surprising phenomenon in themselves—dacoities and robberies committed by youths of respectable origin with the object not of obtaining pecuniary gain but of obtaining money for the support of the revolutionary movement. Those dacoities and robberies, Sir, involved the looting and the murder of innocent persons in far-away villages throughout the length and breadth of Bengal. Another aspect of that revolutionary crime was the campaign for the perversion of the minds of youths and young lads in the schools and colleges of Bengal. That campaign, Sir, was definitely

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enjoined upon the members of these revolutionary societies by their rules; and the societies evidently expected to obtain recruits, and did obtain recruits, amongst these impressionable students, quite inadequately equipped to appreciate what they undertook when they took the vows which were forced upon the members of these societies. In passing, I may say, in regard to this point, that I think it difficult to imagine a more despicable course than that taken by some members of these societies who became teachers in the schools of Bengal with the deliberate object of perverting the minds of the boys committed to their charge. As to the extent to which there was a campaign for the perversion of the minds of these young boys I would remark that in the period from 1907 to 1917, out of 186 persons convicted or killed during the commission of revolutionary crime, 124 were between the ages of 16 and 25—124 out of 186.

I have also, Sir, no time to refer at length to the terrorist campaign; the campaign, Sir, directed against the lives of the magistrates and judicial officers engaged in the trial of these cases, against the lives of the police officers, mainly Indian, engaged in their investigation, and against the lives of the persons who had given information to the police. I was surprised, Sir, to hear to-day from the Honourable the Pandit that he had heard of only one case in 1908 in which an informer was killed. Sir, you have only to read publications which are in the library of this House to find case after case. I put down several here within a few minutes of his remarks, but I do not propose to refer to them now. What was the result of that campaign is illustrated, I think, conclusively by the observations in judgments, etc., from which I should like to cite one. This is a quotation from a commitment order:

"The fear shown by the majority of the witnesses was one of the notable features of the case. It was obvious that many of them only spoke with reluctance while a considerable number showed such extreme nervousness at the sight of the accused when shown them for identification that they made not the faintest effort to identify any of them and exhibited only a great anxiety to escape at the earliest possible moment."

Mr. Nirmal Chunder Chunder: When was this judgment delivered?

Mr. H. Tonkinson: I am coming to that point now. I have referred up to the present to the history of revolutionary crime in Bengal during the period 1906-16. I will indicate very clearly—at least I hope so—the relevance of that history to the present time, later. The history of the crime in Bengal in those years was inquired into by a very distinguished Committee. The President of that Committee was one of the Judges of the High Court of Justice from England; the members of that Committee consisted of the Chief Justice of the Bombay High Court, a distinguished Indian Judge from the Madras High Court, one Executive officer—an officer not from Bengal, but from the United Provinces—and also one distinguished Indian politician and lawyer, Sir Provash Chandra Mitter. (*An Honourable Member:* "It is a matter past history now.") That, Sir, was a distinguished Committee and its membership was at least such as to show that they were well qualified to examine into the position in the years 1906-16. I submit that their findings as to the facts—I do not wish to take the House any further—their findings as to the facts of the situation in Bengal at that time merit the very careful attention of Honourable Members. After Honourable Members have referred to the Report of that Committee I would

ask them to consider the series of cases which have been put before them by the Honourable the Home Member on the present occasion and on previous occasions. If they do so they will see how the features of the earlier conspiracy have been repeated; they will see how the political dacoities have been repeated, how those political dacoities were accompanied by the use of fire-arms—a very unusual feature in Bengal, for in the six years before 1906 there were practically no such cases occurring—how bombs had again begun to be used, how youths were again perverted, and how terrorism was again brought into use. Then, I submit that any Honourable Member will, if he applies his mind to the comparison, agree that there was a definite recrudescence of the same revolutionary conspiracy that had practically established in Bengal a reign of terror in the years before the use of the Defence of India Act and the rules thereunder had stopped it.

Sir, during the course of the debate we have heard very different views adduced as to the guilt or otherwise of the people against whom this action has been taken. One Honourable Member, Mr. Acharya, did agree that if these cases were examined by a Committee, he had no doubt that that Committee would come to the same conclusion as was come to by Government . . .

Mr. M. K. Acharya: What I said was that so long as only tainted materials were placed before the Committee, any Committee would come only to the same conclusion. The materials were not reliable .

Mr. H. Tonkinson: That is exactly the point I was going to refer to. His remarks were with reference to the materials upon which Government has taken action. Of course, it is impossible for me now to refer in detail to the materials upon which action had been taken in 1924-1925, but I can say at once that the materials were of the same character as those described in the report of the distinguished Committee to which I have already referred.

Mr. A. Rangaswamy Iyengar: We did not agree with it.

Mr. H. Tonkinson: I assert it as a fact. If, Sir, Honourable Members will consider the nature of that evidence, if they will consider how information obtained in one place led to information as to what was happening in other places, which was tested and found to be correct, how that information led to information as to what was taking place in another place and so on, in an endless chain, they will, I think, realise that these statements are not statements such as those of accomplices which we have been accustomed to reject in ordinary criminal trials.

Mr. M. A. Jinnah: Why not try them?

Mr. H. Tonkinson: I will come to that point later. There have been, Sir, two opposing suggestions, either implicit or explicit, in the course of this debate. On the one hand, it is suggested that these cases should be referred to a Committee. This implies, of course, the possible necessity for some special law. On the other hand there is the suggestion that we should bring the cases to open trial, which denies any possibility of such a necessity. As to the first suggestion, I have only to remark that I claim that it is clear to any one who examines the evidence put before him that we have the same revolutionary conspiracy as has been enquired into already

[Mr. H. Tonkinson.]

by a very distinguished Committee. That Committee has established definitely the nature of the revolutionary crime that was in existence. As to the cases against individuals, they were fully inquired into by judicial officers. Then I come to the second suggestion, that they should be brought to open trial. In regard to this point, I should like to allude to the point made by Mr. Kunzru when he asked why we have introduced provisions in the Bengal Criminal Law (Amendment) Act in regard to trial and suggested that there had been none. That is what I understood was the implication of his remarks. There have been at least three such trials to my knowledge. As to the second suggestion, that we should bring these people to open trial, I submit

Mr. D. V. Belvi: On a point of order, Sir How is all this relevant?

Mr. H. Tonkinson: I submit, Sir, that no Government worthy of the name would imperil the lives of its police officers and witnesses, as would be the case if these people were brought to trial. Government, Sir, have been compelled to use these weapons, and I submit they must continue to use them until they are sure that the period of danger of terrorist crime has ceased.

My Honourable friend, Lala Lajpat Rai, suggested that no Government would use such a law except in a state of war. I say, Sir, on the other hand, that no Government would refrain from using such weapons. Fortunately, Sir, there has been no necessity for such action in England; in fact such weapons are not immediately at the disposal of the Executive Government in England. Speaking for myself, Sir, I have, however, sufficient confidence in the general good sense of the British people to entertain no doubt that, if similar conditions occurred in any part of England as occurred in Bengal, if the lives of the police officials in England were imperilled in the same manner as in Bengal, if the lives of all who came forward were imperilled in the same manner, then, Sir, in my opinion, though Parliament would hesitate as the Government of India did hesitate, it would not be very long before a similar law to that of the Bengal Criminal Law Amendment Act was on the Statute Book of England.

In conclusion, Sir, I wish to ask Honourable Members opposite to show some consideration for the people whose interest it really is that this action should be taken. I refer to the fathers and mothers of Bengal. I ask, Sir, is it not reasonable for them to object, as I am confident they do, (*A Voice*: "No.") to the manner in which the minds of their young sons, boys of impressionable age, have been perverted by the revolutionary societies in Bengal. I am confident, notwithstanding all that is said by Members opposite, that the fathers and mothers of Bengal would be the first to regret it, if Government should stay their hand and refrain from using all their powers in the suppression of revolutionary crime until all reasonable fear of a recrudescence of terroristic outrages has ceased.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I know there is a feeling that anything said on a Resolution like the one which is before the House will not persuade the Government to accept it, and yet I feel that I should not cast my vote silently on such a Resolution. I was grieved, Sir, to hear one Honourable Member suggest that 'this was an annual entertainment. I was grieved that he used the word "sham" in connection with the Resolution before

the House. Let me assure the Honourable Member, Sir, and every one else, that it is a matter of the most earnest concern to us, that we consider it our duty that, coming here to represent the people of this country, we should bring to the notice of the Government the universal desire in the country that this detention of a hundred and odd men without trial shall cease. We consider that great injustice has been perpetrated by the detention of these men, for such a long time, without trial, and we consider it our duty to these men as fellow-men that we should raise our voice against it again and again until we convert the Government to our views and see these men restored to their liberty. Can there be anything of greater concern to any liberal-minded man in this country than to find that a hundred and more of his fellow-men, men of education, of position, have been detained under what has been described as a lawless law and that, while 27 months have elapsed since they were arrested and the Government have not had the fairness—I would not say the courage—to bring them to trial, they still desire to continue to keep them in detention for an indefinite period? Is there an Englishman, either here or outside, who would make a speech like the one we heard from the last speaker, who suggested that in England, if conditions arose like those that obtained in Bengal, the good sense of Englishmen would enable any Government to take such action there as has been taken by the Government of India here? They would not dare to think of it in England. They would not allow any man who had such a notion to approach the Houses of Parliament. I can well understand that there might be circumstances in which exceptional laws might be necessary. When such circumstances have arisen, have we not supported the action of Government? When the war broke out, did we not support the Defence of India Act? If circumstances will yet arise when it should be necessary to adopt exceptional laws, I am certain that the good sense of my countrymen will stand by the Government in supporting that action. But what are the circumstances which we have to consider here? In Bengal you had diarchy introduced. There was a tussle going on between the Swaraj Party and the Government of Bengal. The Swaraj Party did, by its action, defeat the Bengal Government, it irritated that Government, and, shortly after it, the Government of Bengal took action, in the extraordinary way in which they did to lock up a number of those who were opposed to it. Is it not a fact—who will deny it?—that the bulk of those who were arrested belonged to the Swaraj Party? Were they not prominent in the Congress organisation?

And what is it that we ask now after two years and three months of their detention? We do not ask that they should be released if Government have any case against them. We only ask that they should be released if the Government do not intend to bring them to trial. Government come forward with the plea, "We cannot bring these men to trial because there are certain difficulties." The difficulties which were pointed out were those that existed in the decade that has gone by. We ask Government to say what it is that stands now in the way of their putting these men on their trial. If, after having had these men under detention for 27 months, the Government are not able to tell the public what there is against them, if during the 27 months that have elapsed they have not been able to find anything which they can urge against these men in a court of justice, in an open trial, I say Government ought to release them without further delay. If they have a case against the detenus let them put forward that case, and if there is evidence to show that these men did connect themselves with any anarchical conspiracies.

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or that they did encourage crime or lawless activities—let the court pronounce its judgment, and the people of India, law-abiding as they are, will accept that judgment, and I assure Government that the Members of this House who are to-day asking them to release these men or to put them on trial, will stand up to support the Government when they have obtained such a verdict. But let there be fairness between man and man. These men who are kept under detention are our fellow-men, and we owe it to them that we should raise our voice on behalf of those that cannot speak, for nothing more than fairness to them, for an open trial or release. If the Government still think that they have a case against these men let them put forward that case. We cannot listen any longer to the plea that the Government find insuperable difficulties in bringing these men to trial. What are those difficulties? If you have got a case against them put it before a court of law. If you have not, confess that you have none, as you have virtually confessed by your silence that you have none. I am not here to pronounce a judgment that there is no case against any of these men. I say, let us know what the case is. If there is a case proved against any one of the detenus or all of them, we shall bow to the judgment of a court of law. But we cannot bear the situation that, while these men were proceeded against under a special preventive measure, and while this Assembly and the people of Bengal have times without number pleaded for an open trial of them, the Government should still, taking protection under a special Act passed by an exceptional procedure, keep these men in jail for an indefinite period. I am really grieved to

5 P.M. think, Sir, that these fellow-men have not had fair play. I do not like to say a word against His Excellency the Governor of Bengal, but, having carefully considered the whole situation, having earnestly pleaded in private and in public for an open trial or release of these men, I cannot help saying that there is one human weakness which is standing in the way of their release and that is that high official's *zid*. It is that *zid* that bars the way to justice. I cannot discover a single reason which would justify the detention of these men after they have undergone 27 months of detention. What was the condition in Bengal when these men were arrested? What has it been since then? Could not the ordinary law take care of them? Have not those who actually committed violent crimes been put on their trial and convicted? These detenus were merely suspected of having been connected with violent crime. Why should they not be tried and evidence produced against them? What have the officers of Government been doing all these 27 months? If you cannot produce any evidence against them even now you should certainly not detain them any longer. That is what I expect of every Englishman who loves justice and fair play, whether he is an official or a non-official. When you find that in those cases which you brought into court, witnesses were not frightened, jurors were not terrorised, when you find that people came forward to give evidence, when in every single case that Government put forward it obtained a conviction, it passes my understanding why Government should come forward and say that the detenus cannot be dealt with according to the ordinary law. There is a provision in the Code of Criminal Procedure for preventing crime. That provision, I submit, is sufficient. If there is any serious suspicion against a man, the law provides for its being examined, and proved or disproved. Under the ordinary law if a man is arrested and put on trial and if the police are not ready with the case, they cannot detain him indefinitely.

They must produce him before the court. They must ask the court to extend time in order that they might have their case ready, but they cannot go on asking for an extension again and again without showing good reason therefor. The court would refuse it. But here you find that the Government of Bengal, not having any case to put before a court, is keeping these men under detention for this oppressively long period. This is clearly wrong. Justice demands that Government must either produce its evidence or, failing that, it must let the men go out.

There is one argument that has been urged again and again from the official Benches which I must notice. Several Honourable Members have said 'we cannot endanger the lives of our officers'. Does any one of us want to endanger their lives? They are our fellowmen, labourers in the same cause, servants of the public, of the King and of the country. Is there a single man on this side of the House who would wish that any officer of Government should be injured? No. We are as much anxious that they should be protected in the discharge of their duties as Honourable Members on the other side. We too recognise their good work. We honour them for it. When they expose themselves to danger in the discharge of their duties, we rejoice to hear it, be they Indians or Europeans. We honour fearless devotion to duty wherever we find it. But let us consider what is the extent of the danger which you have to provide for and what is the right way of meeting it. Every one of us is exposed to a certain amount of danger in the discharge of his duties. Have not many men laid down their lives in the discharge of their duties? Is it the first time that we hear that officers of Government are exposed to danger? If a man were to be frightened by the thought that, in discharging his duty, he might incur the ill-will of some of his fellow-men and that he might in consequence be shot or stabbed, that man would cease to deserve our respect. We have to go through life facing all the risks we are exposed to in the discharge of our duty. Whatever duty is cast upon us, we have to do it. We honour our English fellow-men because they possess a keen sense of duty; we honour our Indian fellow-men who have shown the same sense of duty. We are sincerely glad to think that in Bengal itself, as Government officers have several times acknowledged, and acknowledged with grateful satisfaction, many Indians have laid down their lives in the discharge of their duties. Well, that risk we cannot entirely eliminate, that risk we cannot entirely avoid. I do not say that we should seek it. I do not say that we should surround our officers with such risk. But I do say, that taking every reasonable step to guard them against any undue risk, let us go through our task, let us discharge our duties, fortified by the feeling that if death comes to us, in the discharge of our duty, it will be welcome (Hear, hear).

There was a Viceroy who presided over the deliberations of the Government of India in Delhi in 1912. That good Viceroy was nearly killed by a bomb by the act of an assassin, and what did he do? I had the privilege of being a Member of the Imperial Legislative Council at the time. We were all struck with awe and sorrow to hear that Lord Hardinge had been struck by a bomb as he was entering Delhi in state in a great procession. An address was to be presented to him by us, Members of the Council. Having been so struck, he was taken down to his room; and while we were all afraid that he might not survive, the first thing Lord Hardinge said to Sir Guy Fleetwood Wilson, the senior Member of Council at the time, was: "No change of policy, Wilson", and Sir Guy Fleetwood readily responded: "No change, Your Excellency". That is an example

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which has been handed down to us by a noble Englishman, and there have been many other noble Englishmen who have exposed themselves to danger, have suffered death in the discharge of their duties. Let not Englishmen say to-day that they are more timid than their predecessors were. I do not charge them with that timidity, I do not charge them with cowardice; I know there are many brave men and true among them; but I say, do not do yourselves the injustice of putting forward this craven fear of an officer being killed to justify your action in indefinitely keeping in detention a hundred and more fellow-men against whom you have not got a case to put before a court or the public. I would rather that an officer here or there were exposed to a danger to life which may never actually come, than that so many of my fellow-men should be condemned to that oppressive cheerless life which has been described by one of these detenus in a paper which has been circulated to us and some idea of which has been conveyed to us by our esteemed friend, Lala Lajpat Rai, who himself was a victim of Regulation III in 1906-07. Now, that is all that I plead to-day. I do not deny that there may be a conspiracy. When my Honourable friend, the Home Member, says, that there is a conspiracy in Bengal, I accept the statement from him.

The Honourable Sir Alexander Muddiman: You accept the statement?

Pandit Madan Mohan Malaviya: I accept it from you. I do not deny it; but I say that the way to meet that conspiracy is, not by locking up men who are merely suspected of having been concerned in it—the way to deal with them is as you deal with men who are actually guilty of violent crime. You have dealt with such men in the open way, you have brought them to trial. Do the same with these suspects. Let every one who is seriously suspected of having been concerned in violent crime be brought before a court of law, and let him suffer the pains, and penalties, of his acts; but I submit with all respect, that the Government of India should no longer allow the detention of these men in jail. It is unfortunate that His Excellency, Lord Lytton, has taken a very strong view in this matter. I am sorry to think he has. I think he is wrong. He may possess all the qualities which the Honourable Mr. Keane says he has. I myself hold him in high esteem for many qualities of head and heart but I am sorry to say that it is my conviction that Lord Lytton is absolutely in the wrong in the matter of the detention of these men, and the sooner the Government of India will help him to put an end to that wrong, the better will it be for every one concerned. I know that the days of Lord Lytton's Governorship of Bengal are limited. He shall have to leave the shores of India and to lay down the reins of the office of the Governor of Bengal before many months have passed. But, as I sincerely wish him well, I wish that he should have the satisfaction of seeing this wrong ended before he lays down the reins of his office. I, therefore, appeal to the Honourable the Home Member and to every Member of the Government of India to give this matter their utmost consideration, to treat this debate not as a matter of party tactics, not as a sham or as an entertainment, but as a very serious matter. Believe me, every word that I have spoken is, if I could so describe it, tinged with the blood of my heart, because I feel deeply for these fellow-men who are locked up in jails in different parts of the country. If they are guilty, let their guilt be established and let them bear punishment; if they are not guilty, do not let the mere fear that some officer of Government may somewhere be struck down

and killed stand in the way of these men being restored to liberty. If you will, you will be clearly guilty of a wrong which does not raise the reputation of either the Government of India or the Government of Bengal. I hope, Sir, that the matter will receive the most earnest consideration of the Government of India. Nothing more is desired on this side of the House than that the Government should decide either to bring them to trial or to release them. I realise that, after having kept them for 27 months in detention, Government will see many reasons for not bringing them to trial now. Therefore, with a full sense of the responsibility of urging what I am urging, I most respectfully, most earnestly, submit to the Government of India that they should release these men. If there be any among them about whom the Police Commissioner or the Governor or the Government have strong reasons to suspect that, if they are released, they might resort to a course of violence, let their cases be treated as the cases of others whom the Government suspects are treated. The Criminal Intelligence Department and the entire machinery of the Government is powerful enough, vigilant enough, to be able to look after such men, and if they find that any one of those released shows the smallest propensity to resort to crimes, there can be no difficulty in the way of your apprehending them again; I wish the Government to remember that the detention in question was merely a preventive measure. You cannot use this preventive measure, without doing a wrong, without great offence to justice, to keep these men under detention for an indefinite time. If they were put before a criminal court under the preventive provisions of the law on the ground of being suspected of having been concerned in some criminal conspiracy without having been guilty of actually committing any crime, what would have been the period for which they would have been bound over or imprisoned—a year, two years, two and a half years, three years? Is there a single Member of this House who will tell me that the period of imprisonment would have been more than two years? I am sure nobody will say so. And two years' imprisonment they have already undergone. It is, therefore, high time that you released them, as a bare act of justice. I hope the Honourable the Home Member will give this matter his most careful consideration. He and the Government of India will earn the gratitude, His Excellency the Viceroy will earn the gratitude of the entire Indian community if they will do the justice of releasing these men who have undergone 27 months of internment without trial.

Several Honourable Members: I move, Sir, that the question be now put.

Mr. Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadian): Sir, I rise to support the amendment moved by our leader Pandit Motilal Nehru. In doing so, I want to say something regarding the action of the so-called Government of this country and their so-called laws. Just now the Honourable the Home Member has related that, as there were certain murders and other troubles in Calcutta, Mr. Subash Chandra Bose and others, according to him, were rightly suspected of being responsible for them, arrested and put in jails. Similarly, there has been a murder in Delhi only recently; why should not, according to that method of reasoning, the Home Member and other Government Members be transported? Sir, just now it has been related that there is a conspiracy in this country. Who is responsible for this revolutionary movement? It is the Government and Government alone and nobody else. They should be warned that

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they will be taught a lesson if they do not mend their ways. It is no longer a secret, as the whole world knows, that whatever mischief is done in this country it is the Government that is responsible for it. They have forcibly and illegally removed some of our best co-workers of Bengal and are still detaining them in their custody. When we look to the past and try to find a parallel of these misdeeds in the history of our country, we find that Nadirshah and other foreign invaders did the same thing. They also forcibly took away some of our countrymen and kept them in their custody. Even to-day the frontier raiders every now and then do the same thing. Any man or community of men having a grain of the sense of justice will certainly agree with me in my comparison and will emphatically support the statement that this act of the bureaucracy is exactly the same as those of Nadirshah and other invaders of the past and of the frontier raiders of to-day. Do the bureaucracy propose to remain in this country with the same name and fame and to meet with the same fate? The soulless, the senseless, the shameless and the heartless supporters of these horrible acts of tyranny and lawlessness committed almost every minute by the British bureaucracy in this country will certainly differ from me. They will point out that the detenus of Bengal, on account of their own mischievous propaganda, have been arrested according to law and are detained in this country. How can this act be compared with those of the said Nadirshah and other invaders of the frontier? The very assertion of the mischievous propaganda, the very fact of taking shelter under the law, and the very fact of those Bengal patriots being detained in this country go to show even to the blind portion of the world that these bureaucrats are greater Nadirshahs and more dangerous and intolerable than the frontier raiders. No honest man can talk of any mischievous propaganda of these Bengal heroes. Why have not these so-called mischiefs been allowed to see the light of day yet? You cannot talk of law even. Who made the laws? Every politician and lawyer of the world knows that the law is nothing beyond the will of the people, only expressed in terms of law. Have the Indians ever willed that these Bengal patriots should be shut up in jails? We, the elected Members of the Supreme Legislative Assembly of the country, each of whom has come with the votes of thousands and also with the voices of millions of the people of this country, and through whom alone can the will of the Indian people be rightly and legally expressed, have already given a clear verdict long ago and are going to give the same verdict to-day that the detenus of Bengal be immediately released without a moment's delay. This is the will of the Indian people, this is the decision of the Indian Legislature, and this is the law. Obey it, please. You cannot say that this is not the Supreme Legislative Assembly of the country, and that we are not the legislators duly elected by the people. Obey the law and then only are you the Government of the country and have the right to remain as such; if not, you are either a band of tyrants or of robbers, or of dacoits or a combination of all. If not to-day, very soon in future we shall have a Government of our own and you the bureaucrats will be arrested, convicted and sentenced either to imprisonment in this country or to transportation to England, even without trial.

In conclusion, I give a most sincere piece of advice to the British bureaucrats here and the British Parliament and the British people beyond the seas, and it is this. Please be wiser and try to take lessons from the

history of the world. Take lessons from the history of your own connection with America, Ireland and China. The Indians have for long been feeling exactly in the same way in which your forefathers felt at the tyranny of the Romans in times of yore. Do not depend upon our helplessness. No creature in the world is helpless. The Creator of all is the Protector of all. We Indians are looking to Him and Him alone for help. We confidently believe and fervently hope that we shall get the divine help and be free one day. If you help or at least remain neutral, even from to-day, towards our attempt for salvation, our connection with you will be permanent and to your benefit. If you behave as you have behaved so long, so inhumanely and selfishly, our connection with you will be broken and destroyed. It is only foolish to think that the great non-co-operative movement is dead. It has already done enough in the past and is gathering force for the future. The future good and happiness of all lies in the entire and ungrudging obedience of all the public servants of the country to the verdict of the majority of the elected Members of the Indian Legislatures. Wishing for the peace, happiness and prosperity of my country and the world, I resume my seat.

An Honourable Member: I move, Sir, that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted

Mr. President: The Honourable Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: Mr. Jogiah, I think, has the right to reply.

(Mr. Jogiah not rising to speak, Mr. President called on the Honourable Sir Alexander Muddiman.)

The Honourable Sir Alexander Muddiman: Sir, I will not detain the House very long, at least I trust not, at this late stage in the proceedings. This debate has lasted the whole of the long day and it has evoked a great deal of interest in all quarters of the House. It is only natural that it should do so. It is a matter in which I will for the moment endeavour to do what one of the speakers asked me to do, that is, to put myself in the position of those speaking on the other side, and I desire to make it quite clear that I realise that they feel strongly in this matter. That is perfectly clear from the debate, it is perfectly clear from previous debates and it is also well known to me apart from that. It is a matter and must necessarily be a matter which, as I have told the House, the Legislature will naturally continually press on the executive, namely, the discontinuing of extraordinary measures unless they can justify their continuance. I make no complaint of the manner in which this House frequently returns to that point. I should think less of them if they did not do so but, as in all matters of this kind, it must be approached not in the spirit of antagonism nor in the spirit of unhelpfulness but in the desire to place a case before Government which Government can possibly deal with and which does not conflict with any of our primary duties. It has been said by one Honourable gentleman that this was a matter that should not be made a question of party. In regard to the administration of law and order there is no party. The interests of the Government and the interests of the citizens ought to be one; and I can assure this House that, as Home

[Sir Alexander Muddiman.]

Member, I have never discharged any of my duties with the slightest regard to party or community. You may, you doubtless do, think often that Government are wrong-headed. You often think—you often say, whether you really think it or not, for I doubt it—that we act from motives we do not disclose; but I beg the House to believe that, as far as I am concerned, and as far as the Government of India is concerned, there is no question of party or acting with any communal or political object in our action in this matter. Our sole business is to deal with a plain issue of law and order. I know the House dislikes the very mention of law and order when it comes from my lips though it comes very freely from the lips of those who sit opposite. Law and order does not mean that Government is protecting itself. It means that Government is protecting the bulk of its citizens. Now I have heard a good deal in this debate about the growing cowardice of British officials and Indian officials. Sir, that is not so. Nor do I think that is the true opinion of this House. I have filled a position of some importance in this country for many years. I have had to discharge duties of some importance, duties which have brought me into contact with the forces of disorder. I have never in my life had a guard of any sort. I do not pretend to be a man of any courage, for I know I am not. It may be that, having for a long time lived in Bengal, I am tainted with the supposed vices of that province (Laughter). I ask the House to believe that there is nothing in these measures of ours that is being done to protect any supposed increasing timidity on the part of high officials or of our officers. It is hard, I think it is very hard, that I should be told that that is the reason of our action. Sir, it is not the fear that police officers of both nationalities or officers of the Government may be shot. It is the stern fact that this is not a question of apprehension. They have been shot and shot frequently. That, Sir, disposes of the argument that these precautionary measures are the children of unreasonable apprehension.

Then, Sir, there is the further point that these outrages (unfortunately perhaps in the minds of some) do not afflict merely a handful of Government officials, they afflict a number of perfectly innocent men who have nothing whatever to do with Government. The men who were dacoited were not officials of Government, the men whose money is taken are not officials of Government, the men who are injured are often not officials of Government. The unfortunate Mr. Day who was shot in Park Street was not a servant of Government. As far as I know, he had no connection whatsoever with Government. It is true many Government servants have suffered and died bravely in the discharge of their duties, but they are not the sum-total of the victims of these outrages. It was said you have all kinds of arrangements to protect the great of the land. Sir, the hand of the assassin may render all precautions useless.

Mr. A. Rangaswami Iyengar: Even with the Ordinance?

The Honourable Sir Alexander Muddiman: Yes, Sir, even with the Ordinance I cannot guarantee myself or the Honourable Members opposite from the hand of the assassin. You have seen that it falls on many who are innocent.

Mr. T. Prakasam: Continued detention will make it worse.

The Honourable Sir Alexander Muddiman: It may be so.

Mr. T. Prakasam: It is so.

The Honourable Sir Alexander Muddiman: If by that my Honourable friend means that the spirit of these men is so filled with animosity that their release will increase revolutionary crime, then, Sir, he is using rather a poor argument in support of his own case.

Mr. T. Prakasam: That is not the point

The Honourable Sir Alexander Muddiman: Now, Sir, my Honourable friend opposite said the cause of law and order was as dear to him as it was to me. Sir, does he agree with the view of one of his back-benchers who said "If it was in my power I would stir up every young man in India to become a revolutionary conspirator and encourage revolutionary crime in India"? Is that the message of his party to me or not? (*An Honourable Member:* "Surely not.") (*Another Honourable Member:* "He was right in saying so.") That, Sir, I should like to have heard repudiated because it would have made my task easier.

Now, I desire to deal with one issue that was raised, raised in a very moderate way by a gentleman who does not always speak so moderately—but on this occasion he referred to the sufferings of some of these misguided men as a result of their confinement. I say at once, on behalf of Government, that, if he can justify any real case for release, or if any body else can justify any case for release or if we ourselves can find that any case for release has been made out on medical grounds, that release will be made.

Pandit Motilal Nehru: I did not put my amendment on that ground.

The Honourable Sir Alexander Muddiman: No, Sir; but I desire to make it plain that we have a certain sense of humanity; we do not desire to detain men whose health has been so seriously impaired that their powers of harm have gone.

Mr. A. Rangaswami Iyengar: Emasculate them before you release them.

The Honourable Sir Alexander Muddiman: We have not as yet adopted that system (Laughter.) Sir my Honourable friend said, the tale that I have told the House is a thrice-told tale. Well, it is a thrice-told tale. You will remember the remark in "Alice" when "if you say it three times it is right." Therefore, nonetheless is it right because it is thrice-told. My Honourable friend, Lala Lajpat Rai, in a very interesting speech said that no arguments he could adduce would move me and that no arguments of mine would move him. For me to deal with his speech is therefore useless because even if I could find arguments to convince him, it would be useless for me to attempt to do so; and I am sorry that this should be the case for I should have endeavoured to address some remarks to him.

Some other Member said that preventive measures were unknown to the Indian law. Well Sir, it seemed to me, when I was a magistrate for some time, that there were certain sections, such as sections 107, 108, 109 and 110 which were of a preventive character and which may result in the incarceration of those who do not comply with their provisions. (*An Honourable Member:* "Use them") I was merely referring to the argument that there were no preventive measures in our law. Now, Sir, ~~an~~ argument was used that Government does not do these things *bona fide*,

[Sir Alexander Muir.]

that we do it because it pleases us to do so capriciously. There is some peculiar feeling that I sleep or my Honourable colleagues sleep more comfortably because they know that other people are sleeping uncomfortably. That is not so. I assure the House that that is not the case. Put it on the lowest ground. These men are a source of great political annoyance to me; they are a very good stick to beat Government with; their case is brought before me frequently and they give me and my officers a great deal of trouble; and so, putting it on the lowest grounds, we do not keep them in because we enjoy doing it. I want to make that point perfectly clear. We have not put these men in jail either for political reasons or for the sake of gratifying some perverse sense of delight in oppression which is perfectly foreign to me or to Government and would be a very unsatisfactory form of amusement.

Sir, I noticed with satisfaction that my Honourable friend the Pundit expressed his intention of supporting the Government in any measures required for law and order other than the one before the House. If he will pardon me, I have heard him say this before on other occasions. (A Voice: "Any reasonable measures.") Where the difference will probably come, when next there is a question of law and order, will be the question of reasonability, and, amiable as this House is in many ways, it has not always shown its readiness to support reasonable measures or at any rate measures which this side of the House thinks reasonable. (A Voice: "Which side?") The House generally is unwilling, as all Legislatures are apt to be, to support strong measures.

Now, Sir, a portion of my speech did not attract as much attention as I thought it might have done. It is possibly because I spoke at considerable length foreign to my natural tendencies and did not perhaps make it as clear to the House as I thought I did. I said, and I will repeat it and I would ask the House to listen carefully I had read out His Excellency's statement when he first addressed this House dealing with this question of release of the Bengal detenus. I may emphasise it. There were two conditions which were mentioned in that statement. The first condition I hold, and I think the House generally will hold, is not fulfilled. As regards the second condition I made the following remarks. I said "As to the second condition, which raises the question of individual releases, the matter must be decided on the past record of the detenu and his present attitude. Government are not demanding, as is sometimes alleged, any humiliating confessions from these detenus. They are more interested in the future than in the past. A declaration that a detenu would, on release, take no part in revolutionary activities would be an element to be taken into consideration by Government, but this, on the one hand, would not amount to a confession that he had taken part in such activities in the past and, on the other hand such a declaration could not, and would not, be accepted by Government as a ground for release without examination of the whole circumstances of the case and the past record of the detenu." That, Sir, if I may say so, was rather an important portion in my speech which I should have thought the House would have taken more notice of. The only speaker who did refer to it was my Honourable friend, Mr. Goswami. He referred to it as being something different from an offer or a statement which he understood, no doubt in his own judgment correctly, to have been made by His Excellency Lord Lytton at a meeting or conference he held

some time before the session began. Well, Sir, when we were discussing the motion for adjournment the other day, this point was raised by a speaker who sits behind me and it was also raised by my Honourable friend, and I confess I was somewhat surprised at the statements that were made. I accordingly communicated with the Government of Bengal and ascertained what had happened. The statement made by His Excellency Lord Lytton, I am assured, did not differ in terms from the statement I made to the House to-day. That there was undoubtedly some difference of opinion as to what was actually said seems clear, but I think it right to all parties concerned to say that the Government of India and the Government of Bengal are at one on this point, and, although there may have been *bonâ fide* misconception, there is no difference in fact

Mr. T. C. Goswami: Will the Honourable the Home Member permit me to say just one word? I suppose human memory cannot always be relied upon, but I think I took the precaution of getting His Excellency Lord Lytton to repeat these statements. I said "I take it from Your Excellency, etc.". I thought I had made it quite clear. I understood him very clearly and very categorically. That is all I can say.

The Honourable Sir Alexander Muddiman: I do not mean to challenge the accuracy of the Honourable Member's impression of what happened. That is not my point. It is quite evident that there was some genuine misapprehension of what His Excellency Lord Lytton said, and I think it was right to clear it up at the earliest opportunity. When the matter was mentioned in this House, I was not in a position to deal with it.

Mr. M. A. Jinnah: Do I understand the Honourable Member to say that such a declaration would not involve an admission of guilt?

The Honourable Sir Alexander Muddiman: I read out the words very clearly and I will read them out again, because on this point there must be no ground for doubt whatever. What I said was:

"A declaration that a detenu would on release take no part in revolutionary activities would be an element to be taken into consideration, but this, on the one hand, would not amount to a confession that he had taken part in such activities in the past and, on the other hand, such a declaration could not and would not be accepted by Government as a ground for release without examination of the whole circumstances of the case and the past record of the detenu",

Now, those words are carefully thought-out words, and I have read them out to the House on three occasions, and I hope the House will give them due attention.

Now, Sir, let me develop the point I was about to make. It is said that these men are not revolutionaries and that they do not desire to commit violent acts. If that is the case, what I put before the House would seem to me to give them an opportunity at any rate of informing the Government if that is really their view. What view would the House take where a man says, "Yes, I am a revolutionary; you lock me up; I do not care in the least; I desire to overthrow your Government by every means in my power. If you let me out I will use a revolver, if I can get it, to overthrow you. I will use a bomb, if I can get it, to overthrow you." Does the House wish me to release a man who says that? (*An Honourable Member:* "Put him on his trial.")

[Sir Alexander Muddiman.]

Does the House really desire me to release a man who says openly that, if he is released, he will do that? (*Honourable Members*: "No, no".)

Pandit Motilal Nehru: Put him on his trial and the evidence afforded by the admission of the man himself would secure a conviction right enough.

The Honourable Sir Alexander Muddiman: No man will be so foolish as to make that statement in circumstances where I can use it in evidence against him. That is the point I desire to bring before the House and on that I think Government is entitled to ask what the view of the House in a case of that kind is, namely, where a man says frankly, "I am a revolutionary; I desire to overthrow your Government; I desire to use any means in my power to do that. If I can get a revolver I will shoot the first police officer I come across."

Pandit Madan Mohan Malaviya: You have got sections 108, 109 and 110 of the Criminal Procedure Code

The Honourable Sir Alexander Muddiman: I have put before the House a question of some importance. I will ask the House to think over that question very seriously. I have defended . . .

Mr. M. A. Jinnah: Is there any detenu, Sir, who has made that statement?

Mr. President: Does the Honourable Member wish to give way?

The Honourable Sir Alexander Muddiman: No, Sir. When I was interrupted I was saying I have done my best to meet this Resolution. It has been spoken to with ability in many parts of the House but no speech has been of greater ability than that of Mr. Tonkinson, whose intimate connection with the Home Department, I desire to acknowledge to-day, has been of the greatest value and to whom I tender my congratulations. Sir, I shall not detain further the House from proceeding to its judgment by vote.

Mr. President: The original question was:

"That this Assembly recommends to the Governor General in Council:

- (a) the repeal of the Bengal Regulation III of 1818 and similar Regulations in force in other Provinces of India and urges upon him the bare justice of an immediate release of all political detenus or of giving them at least an opportunity of exculpating themselves and proving themselves to be altogether innocent of the charges, if any, levelled against them, and
- (b) the grant of an amnesty to all political prisoners now undergoing imprisonment."

Since which the following amendment, proposing an alternative Resolution, has been moved:

"That for the original Resolution the following be substituted:

"This Assembly recommends to the Governor General in Council that he be pleased to immediately release or bring to trial all detenus under old Regulations and the Bengal Criminal Law (Amendment) Act of 1925."

The question I have to put is that that amendment be made.

'The Assembly divided:'

AYES—63.

Abdul Latif Saheb Farookhi, Mf.
Abdul Matin Chaudhury, Maulvi.
Abdullah Haji Kasim, Khan Bahadur
Haji.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sessa.
Badi-uz-Zaman, Maulvi.
Belvi, Mr. D. V.
Chaman Lall, Mr.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Ghazanfar Ali Khan, Raja.
Goswami, Mr. T. C.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Ismael Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jinnah, Mr. M. A.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
* Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. Dharendra
Kanta.

NOES—50.

Abdul Aziz, Khan Bahadur Mian
Abdul Qaiyum, Nawab Sir Sahibzada.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Rao Bahadur N. A.
Gopalaswami.
Ayyangar, Mr. V. K. A. Aravamudha.
Bhore, The Honourable Mr. J. W.
Bhuto, Mr. W. W. Illahibakhsh.
Blackett, The Honourable Sir Basil.
Clow, Mr. A. G.
Coatman, Mr. J.
Cocke, Mr. H. G.
Crawford, Colonel J. D.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
E'jaz Rasul Khan, Raja Muhammad.
Evans, Mr. F. B.
Gavin-Jones, Mr. T.
Ghulam Kadir Khan Dakhan, Mr.
W. M. P.
Gidnev, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.

Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Phookun, Srijut Tarun Ram.
Prakasam, Mr. T.
Purahotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Roy, Rai Bahadur Tarit Bhusan.
Sarda, Rai Sahib M. Harbilas.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Gangananand.
Sinha, Mr. Ambika Prasad.
Sinha, Mr. Siddheswar.
Thakar Das Bhargava, Pandit.
Vishindas, Mr. Harchandrai.
Yusuf Imam, Mr.

Hezlett, Mr. J.
Howell, Mr. E. B.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Jowahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Lamb, Mr. W. S.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Moore, Mr. W. A.
Muddiman, The Honourable Sir
Alexander.
Nasir-ud-din Ahmad, Khan Bahadur
Natique, Maulvi A. H.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Roy, Sir Ganen.
Ruthinaswamy, Mr. M.
Sassoon, Sir Victor.
Singh, Rai Bahadur S. N.
Sykes, Mr. E. F.
Tirloki Nath, Lala.
Topkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Monday, the
February, 1927.

LEGISLATIVE ASSEMBLY.

Monday, 7th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN:

Sir George Frederick Paddison, K B E., C.S.I., M.L.A. (Madras: Nominated Official); and

Sir Darcy Lindsay, Kt. M.L.A. (Bengal: European).

QUESTIONS AND ANSWERS.

NATURALIZATION OF INDIANS IN THE UNITED STATES OF AMERICA.

273. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that Mr. Sakharan Ganesh Pandit of Bombay, now a practising Attorney and Counsellor of the Los Angeles Bar, California, has succeeded in obtaining a decision on or about the 1st November, 1926, from the United States Circuit Court of Appeals at San Francisco, California, upholding his American citizenship, which was granted to him by the Superior Court of San Bernardino, California, on the 7th May, 1914?

(b) Is it a fact that the above decision reverses the Supreme Court decision of 19th February, 1923, which held, in the case of Bhagat Singh Thind, that the Indian people are not admissible as citizens of the United States of America?

Mr. E. B. Howell: (a) Yes.

(b) The decisions appear to be contrary, but whether one can be said to reverse the other Government are unable to say.

Mr. Gaya Prasad Singh: Do Government propose to give any sort of help or facility

Mr. President: Order, order. The Honourable Member knows that the question whether Government was going to give any help to these people was part of the original question put by the Honourable Member and was disallowed by the President, and the Honourable Member is not entitled now to put it in the form of a supplementary question.

SPEECH OF THE MAHARAJA OF BENARES REGARDING THE REFORMS.

274. ***Mr. M. K. Acharya:** Is it a fact that the Maharaja of Benares recently delivered a speech before His Excellency the Viceroy and Governor

General adversely criticising the Reforms introduced in British India in 1919? In what language was the speech of the Maharaja written, and by whom was it delivered?

Mr. E. B. Howell: The facts can be ascertained from the newspapers.

Mr. M. K. Acharya: Is it not a convention that we in British India do not interfere in the affairs of Indian States?

Mr. President: Order, order. The Honourable Member is guilty of the same indiscretion as the last Member. The Honourable Member knows that that question was disallowed and he is now attempting to put it in the form of a supplementary question.

Mr. Chaman Lal: May I ask the Honourable Member whether he has any objection to giving the gist of the answer to this question on the floor of this House?

Mr. E. B. Howell: It is not a question, Sir, of what I object to, but what is allowed by the rules.

Mr. Chaman Lal: May I ask the Honourable Member whether he is acting as the President of this Assembly or as a Member of this Assembly?

Mr. E. B. Howell: As a very humble Member, Sir.

Mr. Chaman Lal: May I ask whether he is going to give us a ruling as to what is allowed or not allowed or whether the ruling is to be given by the Chair.

Mr. President: What is the question?

Mr. Chaman Lal: A question has been asked by Mr. Acharya and in reply he is referred to the press. I say can the Honourable Member not give us an explanation on the floor of this House. I say further that if the question has been admitted he must answer it on the floor of this House. Has the Honourable Member anything to say?

Mr. E. B. Howell: Nothing whatever, Sir.

Mr. Chaman Lal: Am I to take it that we are going to be prevented from getting replies to our questions by the Honourable Member merely sitting tight in his Chair and not replying?

DRAFTING OF A NEW RAILWAYS ACT.

275. ***Sir Purshotamdas Thakurdas:** (a) With reference to the recommendation of the Railway Committee Report (Acworth) 1921, about the appointment of a Rates Tribunal, are Government aware that in paragraph 157 the said Committee recommend that the Chairman of the Rates Tribunal "could not be better employed at the outset than in an examination of the Act in the light of modern developments, both of circumstances in India and of legislation in other countries, and preparing for the consideration of the competent authorities the draft of a new Railways Act"?

(b) Will Government be pleased to state what steps they propose to take to have a new Railways Act drafted at an early date?

Mr. A. A. L. Parsons: (a) Yes.

(b) Government are aware that in some directions the Act requires revision, various suggestion as to revision received from time to time from Local Governments and Administrations and others are under consideration and it is also proposed to take the advice of the Rates Advisory Committee on the subject.

Sir Purshotamdas Thakurdas: Do I understand then that the Government reject the recommendation of the Acworth Committee that the President of the Rates Tribunal should be entrusted with that work?

The Honourable Sir Charles Innes: Not at all, Sir. We are proposing to take his advice on the whole subject.

Sir Purshotamdas Thakurdas: But the recommendation was that he should be asked to draft the revised Act, is it not?

The Honourable Sir Charles Innes: Quite so, Sir, but that comes at a later stage. At present we are proposing to consult him about various amendments to be made and the procedure to be followed. The question of redrafting the new Act comes at a later stage.

Sir Purshotamdas Thakurdas: May I know when the drafting of the new Act is to be taken in hand?

The Honourable Sir Charles Innes: That, Sir, depends upon various considerations, including the answer we get from the President.

Sir Purshotamdas Thakurdas: When the Government decide to take up the drafting of the revised Act, will the President of the Rates Tribunal be asked to do that as per recommendation of the Acworth Committee?

The Honourable Sir Charles Innes: As I have said, Sir, that will come on at an entirely later stage.

Mr. R. K. Shanmukham Chetty: Is it a fact that the President of the Rates Tribunal is vegetating without any work to do?

Sir Purshotamdas Thakurdas: And from that same point of view is it not a fact that the Acworth Committee said that, whilst he is waiting for work, he might be employed on this work?

The Honourable Sir Charles Innes: I believe that was so, Sir.

PROTEST AGAINST THE PROPOSED 1s. 6d. RATIO.

276. *Sir Purshotamdas Thakurdas: Will Government be pleased to state how many protests they have received till now from various commercial and public bodies in India, against their policy of maintaining the 1s. 6d. ratio? Will Government place on the table a list containing the names of such bodies with dates of their representations to Government?

The Honourable Sir Basil Blackett: The desired information is laid on the table.

Serial No.	Names.	Dates of Communication.
1	Indian Produce Association, Calcutta	12th August, 1926 and 21st January, 1927.
2	Indian Merchants Chamber, Bombay	12th August, 1926, 17th August, 1926 and 5th October, 1926
3	Burma Indian Chamber of Commerce, Rangoon	14th August, 1926.
4	Bombay Shroffs' Association, Bombay	16th August, 1926 and 28th September, 1926.
5	Gum Merchants Association, Bombay	17th August, 1926.

Serial No.	Names.	Dates of Communication.
6	Indian Chamber of Commerce, Calcutta . . .	18th August, 1926 and 30th November, 1926.
7	Millowners' Association, Ahmedabad . . .	18th August, 1926.
8	Board of Marwari Chamber of Commerce, Bombay . . .	19th August, 1926.
9	Grain Merchants Association, Bombay . . .	20th August, 1926.
10	Indian Chamber of Commerce, Tuticorin . . .	21st August, 1926.
11	The Buyers and Shippers Chamber, Karachi . . .	25th August, 1926.
12	The Millowners Association, Bombay . . .	12th October, 1926.
13	Bombay Cotton Merchants and Mucadums Association, Bombay.	26th October, 1926.
14	Bombay Cotton Brokers' Association, Bombay . . .	26th October, 1926.
15	Southern India Skin-Hide Merchants Association, Madras.	8th November, 1926.
16	The East India Cotton Association, Limited, Bombay . . .	24th November, 1926.
17	Madura-Ramnad Chamber of Commerce, Madura . . .	5th December, 1926.
18	Indian Currency League, Rangoon . . .	8th December, 1926.
19	Mining Federation, Jharla . . .	10th December, 1926.
20	Bihar and Orissa Chamber of Commerce, Bankipore . . .	14th December, 1926.
21	Gunny Trades Association, Calcutta . . .	20th January, 1927.
22	Calcutta Rice Merchants Association, Calcutta . . .	22nd January, 1927.
23	Yarn Merchants of Calcutta, Calcutta . . .	22nd January, 1927.
24	Jute Dealers Association, Calcutta . . .	28th January, 1927.

Lieut.-Colonel H. A. J. Gidney: Will Government kindly state how many letters they have received favouring the 1s. 6d. ratio?

The Honourable Sir Basil Blackett: The Honourable Member will have to put down a question. I have not counted them.

GRANT OF PERMISSION TO SJ PRATUL CHANDRA GANGULY, A STATE PRISONER, TO SEE HIS SICK MOTHER.

277. ***Kumar Ganganand Sinha:** Is it a fact that the mother of Sj. Pratul Chandra Ganguly, a State prisoner under Regulation III in the Trichinopoly jail, is in a precarious condition of health? Has any application been received by Government to allow Mr. Ganguly to see his mother? If so, how has it been disposed of and why?

The Honourable Sir Alexander Muddiman: Mr. Pratul Chandra Ganguly's mother is suffering from shock as a result of a motor accident, but has now been pronounced by her medical attendant to be out of danger. Mr. Ganguly applied to the Government of Bengal for leave to see his mother. Enquiries were made into the state of her health, and in view of the report received, which has been communicated to Mr. Ganguly, the grant of leave was refused.

. ALLOWANCES OF POLITICAL DETENUS.

278. ***Kumar Ganganand Sinha:** Will the Government be pleased to state:

(a) the names of detenues;

- (b) the amount of money spent on each of them separately and collectively up till now under sub-heads indicating the various classes of expenditure incurred on their account; and
(c) the annual average per head of expenditure incurred for them?

The Honourable Sir Alexander Muddiman: I lay on the table a statement giving such information as is available.

Statement

The names of persons detained under Regulation III are :

Jadu Gopál Mukharjī
Satish Chandra Bhattacharjī, *alias* Pakrashī
Bhupendra Kumar Dutta
Jyotish Chandra Ghosh
Monaranjan Das Gupta.
Bhupati Mazumdar
Amrita Lal Sarkar
Rabindra Nath Sen Gupta
Kali Prasad Banerjī
Jiban Lal Chatterjī
Satish Chandra Chakravarti
Arun Chandra Guha.
Kiran Chandra Mukherjī
Purna Chandra Das
Bepin Behari Ganguli.
Pratul Ganguli

The following allowances have been sanctioned for all detenues :

Diet Allowances.—From Rs. 1-6-0 to Rs. 3 a day according to the place where the jail is situated

Allowances for toilet articles, books and newspapers, etc. — $\left\{ \begin{array}{l} \text{In India Rs. 14 per} \\ \text{mensem.} \\ \text{In Burma up to Rs. 15} \\ \text{per mensem} \end{array} \right.$

Allowances for clothing, bedding, etc. — $\left\{ \begin{array}{l} \text{In India Rs. 190 per annum} \\ \text{In Burma up to Rs. 225 per annum.} \end{array} \right.$

Expenditure on religious observances or other matters at the detenu's option — Rs. 30 per annum.

Further allowances have been granted in individual cases by way of provision for their families. These vary with the families' circumstances.

HEALTH OF POLITICAL DETENUS

279. ***Kumar Ganganand Sinha:** Will Government be pleased to state—

- (a) the names of detenues not in good health;
(b) the malady from which they are suffering;
(c) the treatment they are undergoing; and
(d) the prospects of their recovery?

If the answer is in the negative, why?

The Honourable Sir Alexander Muddiman: With some exceptions the reports indicate that the general health of the persons confined under Regulation III of 1818 is good. Mr. Jiban Lal Chatterji is suffering from tuberculosis. The medical officers recommended his transfer to a drier climate and this has been carried out. Mr. Pratul Ganguli has been suffering from sneezing and headaches. He is under the treatment of the local medical officer and his case is receiving full attention. Mr. Arun Chandra Guha has been suffering from boils. He has been under treatment and is now much better. Mr. Kiran Chandra Mukherji is in indifferent health.

I have no detailed information regarding the health of persons detained under the Bengal Criminal Law Amendment Act, 1925, which is administered by the Government of Bengal.

Mr. A. Rangaswami Iyengar: Will the Honourable Member obtain the information and give the House the benefit of it?

The Honourable Sir Alexander Muddiman: No, Sir. I have explained the constitutional position.

TAKING OF THE OATH OF OFFICE BY BABU SATYENDRA CHANDRA MITRA, M.L.A.

280. ***Kumar Ganganand Sinha:** Will Government be pleased to state whether or not Babu Satyendra Chandra Mitra, M.L.A., has been exempted from the obligation of taking the oath of allegiance to the Crown? If so, by whom and how? Will the Government be pleased to lay on the table the correspondence, if any, that has passed between the Government of India and the Government of Bengal regarding the matter prior or posterior to the letter addressed to the Honourable Member by the Government of Bengal refusing him permission to take the oath? If not, why? Will his seat be declared vacant on that ground? Will his security money be refunded to him?

Mr. L. Graham: The Legislative Assembly Electoral Rules do not permit of the granting of any exemption from the obligation of making the oath or affirmation of allegiance prescribed by rule 24 of those Rules. There has been no correspondence between the Government of India and the Government of Bengal on that subject. The Government of India are not in a position to state what action will be taken by the Governor General under rule 25 of those Rules, and until action is taken under that rule the question of the forfeiture or the return of the deposit money under rule 12 does not arise.

With your permission, Sir, I should like, before concluding my answer to this question, to correct a mis-statement contained in my answer to Mr. Gaya Prasad Singh on the 1st February. I then stated that no application for permission to attend this House had been received by the Government of India from Mr. S. C. Mitra. That statement, which was based on information supplied to me by the Department concerned, was, I regret to say, incorrect. A petition, praying that he may be permitted to attend the inaugural meeting of the newly elected Indian Legislative Assembly and to be present at the Assembly meetings, was forwarded to the Government of India on the 5th November, 1926, by the Government of Burma, and, on the 24th November, 1926, was sent by the Government of India to the Government of Bengal for disposal.

THE 43 UP SAHEBGUNGE LOOPLINE PASSENGER TRAIN.

281. *Kumar Ganganand Sinha: (a) Will Government be pleased to state why the 43 Up Sahebgunge Loopline Passenger train to Dinapore has ceased to run from the 1st January, 1927?

(b) Are Government aware of the inconveniences as to time and changes thereby caused to the travelling public?

RUNNING OF CONVENIENT THROUGH TRAINS BETWEEN THE CAPITAL OF BIHAR AND THE VARIOUS MUFASSIL HEADQUARTERS.

282. *Kumar Ganganand Sinha: Are the railway authorities taking any step to connect the capital of Bihar with convenient through trains from the various mufassil headquarters of the province? If not, why?

Mr. A. A. L. Parsons: I propose, with your permission, Sir, to answer questions Nos 281 and 282 together

The Government have no information on the subject, but if alterations in the Time-Table are required, this would appear to be a suitable matter to be brought to the Agent's notice by Members of the Local Advisory Committee.

DEVANAGARI SCRIPT ON SILVER COINS.

283. *Kumar Ganganand Sinha: Is it not a fact that the Devanagari script finds no place in the various silver coins issued by the Indian Currency Department? If so, will the Government be pleased to assign reasons for the same? Is the matter under the consideration of the Government?

The Honourable Sir Basil Blackett: The answer to the first part of the question is in the affirmative.

The present practice of indicating the value of the silver coins in Persian is an inheritance from the Moghul Emperors, and in retaining the Persian script the Government of India merely carry on the continuity of numismatic tradition. The question of indicating the value in the Devanagari script was considered by Government and they decided not to make any change owing to the difficulty of accommodating more inscriptions on the coin.

Mr. Chaman Lal: Do I take it that the Government of India carry on their political traditions as well?

The Honourable Sir Basil Blackett: The answer is in the negative.

PUBLICATION OF INFORMATION RELATING TO CAREERS IN GOVERNMENT SERVICE.

284. *Kumar Ganganand Sinha: Has the attention of Government been drawn to the fact that much ignorance prevails in the country regarding the various Government institutions and openings in life and Government service for Indians? Is there any existing publication which gives the necessary information? If so, will the Government name it? If not, are the Government thinking of bringing out one? If they are not thinking of doing so, will the Government be pleased to state reasons for the same?

The Honourable Sir Alexander Muddiman: Government are not aware that there is any general ignorance regarding conditions of admission to Government service. It appears to them that if there is a real demand for any publication giving this information, it might be left to private enterprise to supply it.

GRIEVANCES OF PASSENGERS TO BAIDYANATHA DHAM.

285. ***Kumar Ganganand Sinha:** (a) Are Government aware of the fact that Baidyanatha Dham besides being a health resort is a famous place of pilgrimage and Hindu pilgrims (sometimes over a lakh) of all ranks throng there every year?

(b) Are Government aware of the fact that all the persons intending to visit the place of pilgrimage have to change trains at Jasidih Junction?

(c) Is it not a fact that the mail trains do not stop at the junction and the number of express and passenger trains stopping there is very small?

(d) Is it not a fact that the passengers to and from Baidyanatha Dham have to suffer greatly for want of convenient trains and the change at Jasidih?

(e) If the answers are in the affirmative will the Government be pleased to state why the grievance is not being remedied?

(f) Have Government seen the articles mentioned below:

(i) The *Anritabazar Patrika*, Sunday, September 20th, 1925, page 6 last column—East Indian Railway. Alterations to Trains, and

(ii) The *Forward*, Thursday, September 30th, 1925, page 9, 2nd column—Obstinacy of East Indian Railway?

If so, when and how did they treat them?

Mr. A. A. L. Parsons: (a) Yes

(b) Yes

(c) The mail trains do not stop at Jasidih Junction, but 5 Express and 6 Passenger trains stop there.

(d), (e) and (f) Government have not been able to obtain the cuttings referred to nor are they aware that passengers to and from Baidyanatha Dham suffer greatly for want of convenient connections at Jasidih but they have sent a copy of the question to the Agent, East Indian Railway, within whose competence it is to take any action that may be desirable and practicable.

RAISING OF THE PLATFORMS AT JASIDIH JUNCTION.

286. ***Kumar Ganganand Sinha:** (a) Are Government aware of the fact that Jasidih Junction has a very low platform and that consequently passengers specially ladies and children are put to great hardships? If so, what steps are being taken to raise it? If no step is being taken, why?

(b) Did Sir Henry Wheeler's Government bring it to the notice of the railway authorities that the passengers were put to great hardships by

reason of the low platforms at Jasidih Junction? If so, when? Will the Government be pleased to lay on the table the correspondence that passed between the two Governments in that connection? What has been up till now done in this matter?

Mr. A. A. L. Parsons: (a) The provision of high level platforms at stations is left to the discretion of Railway Administrations, who provide them generally at places where the requirements of passenger traffic justify them. This is a matter which might suitably be brought to the notice of the Agent, East Indian Railway, through his Local Advisory Committee.

(b) There has been no correspondence between the Government of India and the Government of Bihar and Orissa on the subject.

INCLUSION OF BAIDYANATHA DHAM STATION IN THE MAIN LINE.

287. ***Kumar Ganganand Sinha:** Is it a fact that the East Indian Railway authorities intend to include Baidyanatha Dham station in the main line by constructing a chord line from near Adjai Bridge? If so, when is the scheme likely to fructify and how far has the matter progressed till now?

Mr. A. A. L. Parsons: The Railway Board have received no proposal of the kind from the East Indian Railway Administration.

IMPROVEMENT OF THE STATION AT BAIDYANATHA DHAM.

288. ***Kumar Ganganand Sinha:** Is it a fact that the East Indian Railway authorities informed Mr. Jagannath Jhunjunwala of Calcutta in December, 1925, that they would have a nice station at Baidyanatha Dham with all sorts of arrangements for the convenience of passengers? If so, how far has the matter progressed and why has the station not been improved even after the lapse of a year? When, if at all, will the station be built?

Mr. A. A. L. Parsons: We are not aware what, if any, information was given by the East Indian Railway authorities to the gentleman mentioned.

Plans and estimates are under preparation for the improvement of Baidyanatha Dham station and provision has been made for the work in the East Indian Railway Programme.

ALTERATION OF THE EAST INDIAN RAILWAY TIME-TABLES.

289. ***Kumar Ganganand Sinha:** Has the attention of the Government been drawn to the letter by "Vox Populi" published in the third page of *Forward* of Wednesday, September 8th, 1926, entitled "East Indian Railway Time Table grievances of the Public" and the editorial comment on it published on the same day? If so, are the Government contemplating to alter the time-table to provide convenient train timings to the passengers to Baidyanatha Dham, Simultala, Jajha and other sanatoria beyond Asansol? If not, why?

STOPPAGE OF THE 7 UP EXPRESS AT JASIDIH.

290. *Kumar Ganganand Sinha: (a) Has the attention of Government been drawn to the following letters to the press regarding the non-stoppage of 7 Up Express at Jasidih?

Title and Sender.	Paper.	Date.	Page.
1. "An Egregious Vagary" from Jagannath Jhunjhunwala.	Forward . .	Wednesday, September 1, 1926	11
2. "A Grievance" in local news column.	Ditto . .	Ditto	3
3. "Grievances of Baidyanath Dham passengers," from Kshitindra K. Bose.	Amritabazar Patrika .	Saturday, September 4, 1926	7
4. "E. I. Railway Grievances of Passengers" from Panchanan Ghosal.	Forward . .	Sunday, September 5, 1926	11

(b) Will Government be pleased to state why the train is not timed to stop at the station? What steps, if any, are being taken to remove the public discontent on account of the non-stoppage of the express train? If no step has been taken will the Government be pleased to state reasons for the same?

Mr. A. A. L. Parsons: I propose, with your permission, Sir, to answer questions Nos. 289 and 290 together

Government have seen most of the extracts referred to in these two questions. They are not aware why 7 Up Express is not timed to stop at Jasidih Junction, but they have sent a copy of the questions to the Agent, East Indian Railway.

CONSTRUCTION OF LAVATORIES TO SUIT INDIANS IN THE HIGHER CLASS RAILWAY CARRIAGES.

291. *Kumar Ganganand Sinha: (a) Is it a fact that the lavatories of higher class railway carriages are made in the European style only?

(b) If not, will Government be pleased to state the number of carriages in different railways having their lavatories to suit Indian convenience?

(c) If the answer to (a) is in the affirmative will Government be pleased to state reasons for the same?

Mr. A. A. L. Parsons: (a), (b) and (c). The figures asked for are not readily available but I would explain for the information of the Honourable Member that for some time past experiments have been in progress on several Indian Railways. The lines on which these experiments have proceeded have been to provide a certain number of coaches with:

(1) two lavatories; or

(2) with one lavatory having two types of commodes; or

(3) with one lavatory having one commode adaptable to the customs of Indians and Europeans.

Railways are consulting their Advisory Committees in the matter but so far no really satisfactory solution of the problem has been arrived at.

TRAMWAY BETWEEN THE CITY OF DELHI AND NEW DELHI.

292. ***Mr. Gaya Prasad Singh:** Will Government be pleased to say if they are willing to consider the proposal of running a tramway between the city of Delhi and Raisina?

The Honourable Sir Bhupendra Nath Mitra: No such proposal has been received by Government but it will be given due consideration if made.

Mr. H. G. Cocke: Will Government consider the desirability of running a tramway round the long circular corridor of this Council House? (Laughter.)

RAILWAY LINE FROM CHAKIA TO KARNOWL ON THE BENGAL AND NORTH WESTERN RAILWAY.

293. ***Mr. Gaya Prasad Singh:** Will Government be pleased to state if a preliminary survey for a railway line from Chakia to Karnowl (Bengal and North-Western Railway), in Bihar, has been sanctioned; and if so, by what time the line is likely to be taken in hand?

Mr. A. A. L. Parsons: A preliminary survey has recently been sanctioned. The construction of the line will be considered on receipt of the survey report.

DEFECTS IN THE WORKING OF THE INDIAN WORKMEN'S COMPENSATION ACT.

294. ***Mr. K. C. Neogy:** (a) Has the attention of Government been drawn to a series of cases under the Indian Workmen's Compensation Act, in Calcutta, on the lines of *Aming Khatun vs. A. C. Roy and Company* (Claim Case No. 31 of 1926), decided by Mr. Lethbridge, Commissioner, Workmen's Compensation, Bengal?

(b) Do Government propose to undertake an amendment of the Act, so as to bring within its scope accidents happening to men engaged in loading or unloading ships on to boats?

(c) Has any other defect been brought to light in the course of administration of this Act? If so, of what character, and what action do Government propose to take to remedy the defect?

The Honourable Sir Bhupendra Nath Mitra: (a) I have not seen the particular case cited by the Honourable Member. But, following the decision of the Commissioner for Workmen's Compensation, Bengal, in what was apparently a similar case the attention of Government was drawn to the fact that persons injured by loading and unloading ships in mid-stream are not entitled to compensation under the Workmen's Compensation Act.

(b) Government propose to achieve the same end by using the powers conferred upon them by section 2(3) of the Workmen's Compensation Act, and the preliminary notification for this purpose, which is dated the 18th November last, has been published for criticism and referred to the Local Governments concerned for their opinion. A copy of this notification is being sent to the Honourable Member.

(c) Several suggestions for the improvement of the Act in matters of detail have been received by Government and the question of the advisability of introducing an amending Bill will be considered during the current year.

HINDU REFRESHMENT ROOMS ON STATE-MANAGED RAILWAYS.

295. ***Kumar Ganganand Sinha:** (a) Will Government be pleased to state the total number of Hindu refreshment rooms on State-managed Railway lines indicating their location?

(b) Why has no provision been made for them at every principal railway station?

Mr. A. A. L. Parsons: (a) The information required by the Honourable Member can be obtained from the published Time Tables of the railways.

(b) It is the policy of railway administrations to provide such refreshment rooms where sufficient use is likely to be made of them; and the Honourable Member will find in paragraph 98 of the Railway Board's Report for 1925-26 detailed information of what has been done in the matter during that year on different Railways. He is probably aware that the subject receives constant attention at Local Advisory Committee meetings.

PROVISION OF HINDU RESTAURANT CARS ON MAIL AND OTHER IMPORTANT TRAINS.

296. ***Kumar Ganganand Sinha:** (a) Will Government be pleased to state why no provision has been made to have orthodox Hindu restaurant cars attached to the mail and other important trains with short halts for the use of those who have religious and social objection to taking European dishes?

(b) Are not Government aware of the fact that the number of Hindu passengers of the class mentioned above is very large and that they suffer great inconvenience for want of such a dining arrangement?

Mr. A. A. L. Parsons: (a) and (b). Several railways have experimented with the provision of special restaurant cars for Indian passengers who are not accustomed to food cooked in European fashion, but the results of the experiments so far do not suggest any widespread demand. For example, during 1925-26 the Indian dining car running on the Mehsana-Wadhwan section of the Bombay, Baroda and Central India Railway had to be discontinued as it was not well patronised.

THE DEOGHAR-DUMKA RAILWAY.

297. ***Kumar Ganganand Sinha:** Will Government be pleased to state when the Deoghar-Dumka extension is to materialise and in what stage the matter is at present?

Mr. A. A. L. Parsons: At the end of last month we received a communication from the East Indian Railway Administration showing that they had selected among others a line from Sainthia to Bausi passing through Nava-Dumka with a line to Baidyanatha Dham for survey during 1927-28. That is all we know about the project at the moment.

RENTS OF QUARTERS AND BUNGALOWS IN NEW DELHI.

298. ***Kumar Ganganand Sinha:** Will Government be pleased to state the principle and procedure followed in the fixing of rent of the various quarters and bungalows in New Delhi?

The Honourable Sir Bhupendra Nath Mitra: The rents in New Delhi are fixed as follows:

1. In the case of residences occupied by Government servants at the rate of 6 per cent. of the capital outlay, subject to a limit of 10 per cent. of emoluments, in accordance with the Lee Commission's recommendations.
2. In the case of residences occupied by non-Government servants at economic rates. Members of the Legislature who reserve quarters for the whole Session are, however, given the concession of having their rents calculated under the provision of Fundamental Rule 45 (b) (ii).

COMPLETION OF THE CONSTRUCTION OF THE SECRETARIAT AND THE COUNCIL HOUSE IN NEW DELHI.

299. ***Kumar Ganganand Sinha:** Will Government be pleased to state when the construction of the Secretariat including compound buildings as well as that of the Council House is expected to be completed? Why was it not completed before the opening ceremony took place?

The Honourable Sir Bhupendra Nath Mitra: So far as essential accommodation is concerned the Secretariat was completed before the offices moved in last October and the Council House was ready in time for the opening ceremony.

In the former case the completion of the architectural design will probably take another year. The Council House building will be complete in 6 months as far as the original project envisaged its being carried.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member consider the advisability of supplying maps of New Delhi for the Members of this House?

The Honourable Sir Bhupendra Nath Mitra: That question does not arise out of the main question, Sir.

Mr. A. Rangaswami Iyengar: Is it for the Honourable Member to say that it does not arise?

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member is at perfect liberty to give a separate notice of that question, but I submit that it cannot be treated as supplementary to the main question.

ELECTRIC BULBS IN QUARTERS AND BUNGALOWS IN NEW DELHI.

300. ***Kumar Ganganand Sinha:** (a) Will Government be pleased to explain what the Legislative Department means by "replacement of lamps" occurring in footnote (b) of enclosure No. 1 of its Circular No. LXIII, dated the 2nd December, 1926?

(b) Do the rents for bungalows and quarters mentioned in the enclosure include electric bulbs also or are they to be purchased by and remain the private property of tenants?

The Honourable Sir Bhupendra Nath Mitra: The quarters in question are fitted with electric bulbs and should any bulbs require replacement the replacement will be effected without any extra charge to the tenants.

DRAFT BERAR LAND REVENUE LAW.

301. ***Mr. M. S. Aney:** (1) Will Government be pleased to state when the draft Berar Land Revenue Law, as amended by the Berar Legislative Committee on the 1st of December, 1925, was submitted by the Local Government of the Central Provinces to the Governor General in Council for sanction?

(2) (a) Will Government be pleased to state whether the Local Government of the Central Provinces submitted any note along with the aforesaid draft Law?

(b) If so, will Government be pleased to publish the same and place on the table the correspondence between the Government of India and the Local Government that may have taken place in regard to this law after 1st December, 1925?

(3) Will Government be pleased to explain why the aforesaid draft Law has not been sanctioned and passed into an Act by the Governor General in Council so long?

Mr. E. B. Howell: (1) On the 16th December, 1925.

(2) (a) The Honourable Member's reference to a note is not understood. Under rule 9 (1) clause 1 of the Berar Legislation Rules, the Government of the Central Provinces sent to the Government of India, along with other relevant papers, the draft of the proposed Law as passed by the Berar Legislative Committee, and a letter reviewing the proposals.

(b) The Government of India regret their inability to comply with the Honourable Member's request.

(3) The Bill requires careful consideration but every endeavour will be made to expedite a decision.

PAY OF THE CLERICAL STAFF IN THE DIFFERENT CIRCLES UNDER THE POSTMASTER GENERAL, PUNJAB. *

302. ***Sardar Gulab Singh:** (a) What are the grades of pay of the clerical staff of the Postal Department in the different Circles under the Postmaster General, Punjab?

(b) In case of there being different grades in different circles, will Government be pleased to state the reasons for such differences?

(c) Are Government aware that the above differences cause great discontentment among the members of the clerical staff?

(d) Do Government propose to make the grades of the clerical staff in all the Punjab Circles similar?

The Honourable Sir Bhupendra Nath Mitra: (a) The existing scales of pay sanctioned for the postal clerical staff in the Punjab and North West Frontier Postal Circle are as follows:

- | | |
|---|-----------------------------|
| (1) Delhi, Lahore, Rawalpindi and Peshwar head post office (including their town sub-post offices) | Rs. 45 5—145 |
| (2) All other 1st class head post office and the 2nd class head post office at Abbottabad (including their town sub-post offices) | Rs. 40—40—45—3—
54—4—130 |
| (3) Other 2nd class head post offices, their town sub-post offices and sub-post offices not covered by (1) and (2) | Rs. 35—35—40—3—
64—4—120 |

(b) The differences are mainly due to differences in the cost of living prevailing in the various localities.

(c) No.

(d) No.

FENCING OF RAILWAY LINES.

303. ***Sardar Gulab Singh:** (a) Will Government be pleased to state the reason for generally discontinuing the fencing along the railway lines?

(b) Have Government considered the question as to whether this will not increase the number of accidents on such lines?

Mr. A. A. L. Parsons: (a) and (b) The practice is to provide fencing round station yards and near level crossings and on sections of line running through densely populated districts at the discretion of a Railway Administration, and there is no intention of discontinuing this practice.

PROVISION OF PLATFORMS AT THE PRINCIPAL STATIONS ON THE SHAHDARA SANGLA LINE OF THE NORTH WESTERN RAILWAY.

304. ***Sardar Gulab Singh:** (a) Are Government aware that the want of platforms at railway stations causes great inconveniences to the travelling public?

(b) Do Government propose to provide platforms at the principal stations such as Qilla Sheikhupura, etc., on the Shahdara Sangla line of the North Western Railway?

Mr. A. A. L. Parsons: (a) and (b). Platforms are provided on all railway stations, including those on the Shahdara-Sangla line of the North Western Railway.

PROPOSED NEW RAILWAY LINES BETWEEN LYALLPUR, JARANWALA AND JHUMRA CHENIOT.

305 ***Sardar Gulab Singh:** Have the plans of the proposed new railway lines between Lyallpur, Jaranwala, and Jhumra Cheniot finally been completed, and if so, are the copies available for inspection?

Mr. A. A. L. Parsons: The plans showing the proposed alignments of the two railways mentioned by the Honourable Member have been completed, and are available for inspection in the office of the Chief Engineer in charge of Construction, North Western Railway.

ADMISSION OF CANDIDATES TO THE ROYAL MILITARY COLLEGE, SANDHURST.

306. ***Mr. E. F. Sykes:** Do the regulations for admission of Indian candidates to the Royal Military College, Sandhurst, permit of the candidature of persons who would not be eligible for enlistment in the regular forces of the Indian Army?

Mr. G. M. Young: Yes, Sir; while the general rule is that candidates for the King's Commission are selected from the classes that furnish recruits to the Army, individuals not belonging to those classes, and, in particular, members of the educated middle classes, are also eligible for admission to Sandhurst.

ALIGNMENT OF THE KASHIPUR-KALAGARH RAILWAY.

307. ***Maulvi Muhammad Yakub:** (a) Is it a fact that the new survey line of the Kashipur-Kalagarh branch, recently conducted by the Rohilkund and Kumaon Railway passes through a different route from that which was surveyed by the same Railway a few years ago?

(b) Is it also a fact that the area which has been recently surveyed also contains several rich and valuable gardens and that the owners of the gardens in particular and the people of the neighbourhood in general will suffer heavily if these gardens are uprooted?

(c) Is it also a fact that in case the former route is adopted the railway station at Jaspur will be located to the north of the town where stands the big market which is the trade centre of the locality and that on the other hand if the new route is adopted the station will have to be constructed to the south of the town at a distance from the market?

(d) Are Government aware that there is a great deal of dissatisfaction amongst the people of the locality on account of the new route having been selected for the railway line?

(e) Are Government prepared to meet the wishes of the people of the locality and so divert the proposed line so as to connect the new survey line from Thakardawarah with the line of the old project near the village Narainpur?

(f) Are Government also prepared to accede to the wishes of the people of Jaspur and construct the railway station, in any case to the north of the town?

Mr. A. A. L. Parsons: (a) The reply is in the affirmative. The original project contemplated a railway to run in a fairly straight line from Kashipur past Jaspur towards Afzalgarh. The inhabitants of Thakurdwara represented, however, that the railway should be constructed to tap that town and the Committee convened by the Local Government which met at Agra, on 30th January, 1926, to consider the Kashipur-Kalagarh project also recommended that the Thakurdwara route should be adopted.

(b) It is not known that the new alignment passes through more valuable gardens. On the contrary in the vicinity of Kashipur the original alignment which ran to the north passed through valuable gardens whereas the new line passing to the south of Kashipur avoids them.

(c) The original site of Jaspur station was on the north of the town; the site on the new alignment is immediately to the south thereof, a more suitable location as it best serves the larger cultivated area and numerous villages to the southward.

(d), (e) and (f). The alignment has been laid out to be of the greatest advantage to transport in the locality and allow of the most economical construction.

SIKH CANDIDATES AT THE LAST EXAMINATION OF THE STAFF SELECTION BOARD.

308. ***Sardar Gulab Singh:** (a) How many Sikhs from outside applied to appear at the Staff Selection Board's examination and how many of them were permitted to sit therein for each grade?

(b) To make up the deficiency in almost all grades in all the offices, are Government prepared to take as many Sikhs as will give them their full share in the Secretariat service from amongst the competitors? .

The Honourable Sir Alexander Muddiman: (a) The number of Sikhs other than Departmental candidates, who applied to sit for the examination was 61. Of these two, who did not comply with the regulations, were not permitted to appear. Four absented themselves and one application was withdrawn. 23 sat for the Upper Division, 24 for the Lower Division and 29 for the Third Division. It will be seen that some candidates must have appeared for more than one Division.

(b) The results of the recent examination are not yet published, but when vacancies come to be filled, the orders which prescribe that the various minority communities should be adequately represented, if candidates are available and adequately qualified, will be observed.

CONSTRUCTION OF A RAILWAY FROM BATALA VIA BUTARI AND PATTI TO LAHORE.

309. ***Sardar Gulab Singh:** (a) With reference to the answer to question No. 163, dated the 1st September, 1926, will the Government kindly state how far that survey has progressed and when it is likely to be finished?

(b) Is it a fact that the people of that area represented to the Agent, North-Western Railway, and the Railway Board for the construction of a railway line immediately?

(c) In view of the fact that a survey has been sanctioned are Government prepared to have the matter expedited?

Mr. A. A. L. Parsons: (a) The Gurdaspur-Butari project is being investigated and it is hoped that the results of those investigations will be known by the end of May next. The Butari-Patti-Lahore project will be surveyed in March or April and the results will be known about July next.

(b) Representations have been received on the subject.

(c) The construction of the lines will be considered as soon as the survey reports are received.

EMPLOYMENT OF SIKH CLERKS IN THE OFFICE OF THE ACCOUNTANT GENERAL, RAILWAYS.

310. ***Sardar Gulab Singh:** Is it a fact that no Sikh is working in the office of the Accountant General, Railways, as a clerk? If so, are Government prepared to order the recruitment of Sikhs in all future vacancies?

The Honourable Sir Basil Blackett: The information has been called for and will be supplied to the Honourable Member in due course.

EMPLOYMENT OF SIKHS IN THE ARCHÆOLOGICAL DEPARTMENT.

311. ***Sardar Gulab Singh:** (a) What is the total strength of the Imperial as well as Provincial service of the Archæological Department, and how many of the appointments are held by Muhammadans, Hindus and Sikhs?

(b) How many vacancies (temporary and permanent) fell vacant in each grade during the last 5 years and how many of them have gone to Sikhs?

The Honourable Mr. J. W. Bhoré: (a) There is no Provincial Service in the Archæological Department. The total sanctioned permanent strength of the Central Service is 23. Of the 21 appointments at present filled three appointments are held by Muhammadans and eleven by Hindus. There are no Sikhs.

(b) Eleven vacancies (temporary and permanent) have occurred. No Sikhs were appointed to any of the seven vacancies already filled up. Proposals for filling up four appointments are now under consideration.

EMPLOYMENT OF SIKHS IN THE METEOROLOGICAL DEPARTMENT.

312. *Sardar Gulab Singh: (a) Is it a fact that there is no Sikh employed in the local as well as in the Imperial Service of the Meteorological Department?

(b) On what grounds have this community's rights been ignored in this service so far and when are Government likely to appoint Sikhs in this Department in each grade?

The Honourable Sir Bhupendra Nath Mitra: (a) The Honourable Member is presumably referring to the Imperial Meteorological Service and the Subordinate Service of Assistant Meteorologists. The answer to the first part of the question is in the affirmative.

(b) The Government of India consider that for such a small and highly technical department, it is absolutely essential in the public interest that men with the best technical qualifications available should be recruited irrespective of the community to which they belong. They have however decided that where there are two or more applicants, whose qualifications taken all round are on a par, the claims of the candidate representing a minority community will prevail.

PROPORTION OF THE APPOINTMENTS OF DEPUTY POSTMASTERS GENERAL AND PERSONAL ASSISTANTS TO POSTMASTERS GENERAL TO POSTAL DIVISIONS IN THE DIFFERENT POSTAL CIRCLES.

818. *Mr. Jamnadas M. Mehta: Will Government be pleased to state what is the proportion of the appointments of Deputy Postmasters General and Personal Assistants to Postmasters General to Postal Divisions in the different Postal Circles in India; and whether there is any standard to regulate the number of such appointments? In case the proportion is not the same in all the circles for want of a proper standard, do Government propose to take steps to ensure equal treatment for all the postal circles in the matter of such appointments?

The Honourable Sir Bhupendra Nath Mitra: A statement furnishing the desired information is laid on the table. There is no standard in the sense of a fixed formula. The proportion referred to by the Honourable Member does not constitute the sole criterion. The staff of officers required in a Circle Office is determined by circumstances which are not equal in every Circle. The differences between the percentages shown in

the statement are not such as, in the view of Government, necessitate action.

Postmaster-General's Circle.	Number of		Total.	Number of Postal Divisions.	Percentage of figure in column 4 on that in column 5.	Remarks.
	Deputy Postmasters-General, Post Office.	Personal Assistants.				
1	2	3	4	5	6	7
Bengal and Assam .	3	4	7	26	26.92	Controls the Foreign Post arrangements with Europe, America, etc.
Bihar and Orissa .	..	3	3	9	33.33	
Bombay . . .	2	4	6	17	35.29	
Burma . . .	..	2	2	10	20	The question is under consideration of appointing a Deputy Postmaster-General Post Office in which case the percentage in column 6 would be 30.
Central . . .	...	3	3	10	30	
Madras . . .	2	3	5	18	27.77	
Punjab and North West Frontier.	2	3	5	19	27.77	
United Provinces .	1	3	4	15	28.66	
Total .	10	25	35	123	28.45	

DUTY ALLOWANCE OF PERSONAL ASSISTANTS TO POSTMASTERS GENERAL.

814. ***Mr. Jamnadas M. Mehta:** Is it a fact that the present duty allowance of Rs. 100 per mensem for each Personal Assistant to Postmasters General was sanctioned long ago when the scale of pay for such officers was Rs. 200—500 only and that although the scale of pay has been raised to Rs. 300—750 on economic grounds, the duty allowance has remained the same? If so, do Government propose to grant a corresponding increase in the duty allowance by raising it to Rs. 150 per mensem at least?

The Honourable Sir Bhupendra Nath Mitra: The allowance to which the Honourable Member refers was sanctioned in 1904 simultaneously with a revision of the graded pay of the officers in question which established a range of pay for them of Rs. 200—600; and has remained unaffected by subsequent revisions of pay which now is fixed at Rs. 300—750 on a time-scale.

The reply to the second part of the question is in the negative.

I may add for the Honourable Member's information that it is not the usual policy of Government to enhance allowances of the kind in question in proportion to enhancements of pay.

ANNUAL INCREMENTS OF SUPERINTENDENTS OF POST OFFICES.

815. ***Mr. Jamnadas M. Mehta:** Is it a fact that the rate of annual increments for Superintendents of Post offices and 1st class Postmasters have always been the same and that while the rate of increment for 1st class Postmasters has recently been raised to Rs. 30 the Superintendents still continue to draw an increment of Rs. 20 for the first 15 years and Rs. 25 for the remaining six years? If so, do Government propose to raise the rate of annual increments for Superintendents also to Rs. 30 so as to bring them into a line with 1st class Postmasters?

The Honourable Sir Bhupendra Nath Mitra: The facts are not as stated in the first part of the question. The answer to the second part is in the affirmative. The answer to the third part is in the negative.

Mr. Jamnadas M. Mehta: What are the facts so far as the rate of increments is concerned? If they are not as I have stated, what then are they?

The Honourable Sir Bhupendra Nath Mitra: The facts are that the rates have been different at various times.

CREATION OF A SELECTION GRADE FOR SUPERINTENDENTS OF POST OFFICES.

816. ***Mr. Jamnadas M. Mehta:** Are Government aware that the chances of promotion of Superintendents of Post Offices to the appointments of Deputy Postmasters General and Postmaster General are no longer the same as they were until a few years ago and that the majority of men who entered service as Superintendents will now have to retire as Superintendents? If so, do Government propose to consider the desirability of creating a selection grade of Rs. 800—40—1,000 for Superintendents so as to give those officers who begin service as Superintendents and retire as Superintendents for no fault of theirs, a chance to get the maximum pension on retirement?

The Honourable Sir Bhupendra Nath Mitra: I do not know what the Honourable Member precisely means by "until a few years ago". But the proportion of appointments of Deputy Postmasters-General and Postmasters-General open to Superintendents of Post offices to appointments of the last named category is now actually somewhat higher than it was ten years ago. Nor is it correct to say that the majority of men who entered as Superintendents will now have to retire as Superintendents.

The answer to the second part is in the negative.

UNSTARRED QUESTIONS AND ANSWERS.

CONSTRUCTION OF A METRE GAUGE RAILWAY BETWEEN BILASPUR AND MANDLA IN THE CENTRAL PROVINCES.

71. **Seth Jamnadas:** (a) Will Government be pleased to state the year in which the project of connecting Bilaspur and Mandla in the Central Provinces by constructing a metre gauge railway line was first undertaken by the Government?

(b) Is it a fact that since the undertaking of the above project, earth-work in connection with the same was completed from Bilaspur up to Mungeli, a distance of about 81 miles, and sites acquired for intervening stations between the two places after giving compensation to owners of the land in question?

(c) If the answer to (b) be in the affirmative, will Government be pleased to state the reasons which led them not to complete the construction of the said railway line so far and whether it is now intended to undertake completion of the same at an early date?

(d) If the answer to (b) be in the negative, will the Government be pleased to state whether it is proposed to undertake the project afresh?

Mr. A. A. L. Parsons: (a) and (b). The work was taken up as a famine relief work in 1900 and some earthwork was done, and compensation was paid to the owners of land, which was required.

(c) and (d). The construction of the line was held in abeyance owing to financial considerations. A reinvestigation of the Bilaspur-Kawarda section has been sanctioned recently, and the question of its construction will be taken up on receipt of the results.

CRIME IN NEW DELHI.

72. **Dr. B. S. Moonje:** (a) Has the attention of Government been drawn to a piece of news appearing in the *Hindustan Times*, Delhi, of Friday, the 21st January, 1927, late Dak Edition, on its front page under the heading of "Life in Raisina; Between Devil and Deep Sea; Centre of Criminal Gang"?

(b) If so, is it a fact that dacoities and murders have been very frequently happening?

(c) If so, what do Government propose to do to eradicate the evil?

The Honourable Sir Alexander Muddiman: (a) Government have seen the article.

(b) No.

FILLING UP OF DITCHES NEAR RAILWAY EMBANKMENTS.

73. **Dr. B. S. Moonje:** (a) Are Government aware that ditches arising on both sides of railway lines out of pieces of earth being dug up for making embankments for railway lines, remain filled with stagnating putrefying water throughout the greater period of the year as can be particularly noted in Bengal and thus become dangerous breeding places of malaria spreading throughout the surrounding country?

(b) If so, are Government prepared to draw the attention of the Railway Board to this fact so that the Board may arrange to get these ditches filled up or properly drained as may be found feasible?

Mr. A. A. L. Parsons: The digging of earth from borrow-pits for the construction and maintenance of railway embankments is a necessity and there is no other method by which embankments can be economically made. In most parts of India these borrow-pits are dry for a much longer period than they are wet, but in the water-logged districts of Bengal it has to be admitted that they frequently remain full of water for the best part of the year. There is no reason to believe however that they form

a more favourable breeding ground for mosquitoes than the numerous pits and excavations which are invariably found in cultivated and populated areas in Bengal.

The subject of malaria prevention is receiving special attention in the badly affected areas along the Eastern Bengal Railway by the Medical Department of that Railway in collaboration with the special anti-malarial work of the Local Government.

CONSTRUCTION OF A METRE GAUGE RAILWAY BETWEEN BILASPUR AND MANDLA IN THE CENTRAL PROVINCES.

74. **Dr. B. S. Moonje:** (1) Will Government be pleased to lay on the table information in connection with a railway project of a metre gauge line from Bilaspur to Mandla *via* Mungeli in the Central Provinces?

(2) Will the Government be pleased to state:

- (a) if the project has been given up or whether it is still in contemplation;
- (b) if it be still in contemplation, why it is allowed to languish; and
- (c) if it is likely that it will be seriously taken in hand in the near future and, if so, when?

Mr. A. A. L. Parsons: (1) and (2). The Honourable Member is referred to the reply given to Seth Jamnadas's unstarred question No. 71 on the same subject.

FIRST AND SECOND CLASS WAITING ROOM AT RAFIGUNJ STATION ON THE EAST INDIAN RAILWAY.

75 **Mr. Siddheswar Sinha:** Is there a first and second class waiting room at Rafigunj station on the M. G. section of the East Indian Railway? If so, will the Government be pleased to state the number of 1st and 2nd class passengers booked to and from that station in the year 1926?

CONSTRUCTION OF SHELTER FOR PASSENGERS AT STATIONS ON THE M. G. SECTION OF THE EAST INDIAN RAILWAY.

76 **Mr. Siddheswar Sinha:** (a) Will Government be pleased to state the names of stations on the M. G. section of the East Indian Railway that have no waiting shed for any class of passengers together with the number of passengers booked to and from these stations in the year 1926?

(b) Do Government realise the necessity and propose to instruct the East Indian Railway Board to construct some kind of shelter for the passengers at these stations?

Mr. A. A. L. Parsons: I propose to answer questions Nos. 75 and 76 together. The Government have continually pressed on Railway Administrations, including the East Indian Railway, in recent years the desirability of increasing amenities for third class passengers and if the Honourable Member will refer to the Administration Reports for the last 8 years he will find much information on the progress made by the different Railways in this respect. But Government cannot undertake to decide on the relative urgency of such improvements as may be required. They must leave that to the Agent.

ISSUE OF THIRD CLASS RETURN TICKETS TO GAYA.

77. **Mr. Siddheswar Sinha:** (a) Are Government aware that Gaya is one of the most important places of pilgrimage of Hindus?

(b) Are Government aware of the troubles of third class passengers at Gaya, during the Pitripaksh mela on account of shortness of third class waiting room?

(c) Do Government propose to instruct the Railway Board to issue 45 days' return tickets to Gaya?

Mr. A. A. L. Parsons: (a) Yes.

(b) No.

(c) Ordinary first, second and intermediate class return tickets are now issued at 1½ fares to and from Gaya, and in fact all other stations on the East Indian Railway. Government do not propose to introduce third class return tickets at reduced fares.

RECRUITMENT OF SIKHS IN CERTAIN OFFICES.

78. **Sardar Gulab Singh:** (a) With reference to the reply to question No. 165, dated the 1st September last, will Government be pleased to let this House know how many temporary and permanent vacancies of clerks and typists fell vacant in the following offices and how many of them have gone to Sikhs in each grade since that time?

- (1) the office of the Auditor General,
- (2) the office of the Audit Officer, Indian Stores Department,
- (3) the office of the Accountant General, Posts and Telegraphs,
- (4) the office of the Director General, Posts and Telegraphs.

(b) Will Government also be pleased to give the nationality, qualifications and the province to which the candidate who was appointed in each vacancy, belonged?

(c) Do Government intend to order the recruitment of Sikhs in these offices in all future vacancies in each grade until their required number is attained?

The Honourable Sir Basil Blackett: The information is being collected and will be supplied to the Honourable Member in due course.

MESSAGE FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

RAILWAY BUDGET.

Mr. President: I have received the following Message from His Excellency the Viceroy and Governor General:

(The Message was received by the Assembly standing.)

"For the purpose of sub-section (1) of section 67A of the Government of India Act and in pursuance of Rules 43, 46 and 47 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Edward Frederick Lindley, Baron Irwin, hereby appoint the following days for the presentation to the Council of State and to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of

[Mr. President.]

Railways and for the subsequent stages in respect thereof in the Council of State and in the Legislative Assembly, namely:

<i>Friday, February 18th</i>	...	...	<i>Presentation in both Chambers.</i>
<i>Monday, February 21st</i>	...	...	<i>General discussion in the Council of State.</i>
<i>Tuesday, February 22nd</i>	...	...	<i>General discussion in the Legislative Assembly.</i>
<i>Wednesday, February 23rd</i>	...	...	} <i>Voting of demands for grants in the Legislative Assembly.</i>
<i>Thursday, February 24th</i>	...	...
<i>Friday, February 25th</i>	...	...
<i>Saturday, February 26th</i>	...	...

(Sd.) IRWIN,
Viceroy and Governor General."

APPOINTMENT OF MR. K. C. NEOGY TO THE PANEL OF CHAIRMEN.

Mr. President: I have to inform Honourable Members that I have appointed Mr. K. C. Neogy on the Panel of Chairmen in place of Mr. S. Srinivasa Iyengar who has resigned.

EXTENSION OF THE TIME FOR RECEIVING NOMINATIONS TO THE PANEL FOR THE STANDING COMMITTEE ON EMIGRATION.

Mr. President: I have also to inform the Honourable Members that up to 12 Noon on Friday, the 4th February, only 8 nominations have been received for election to the panel for the Standing Committee on Emigration. As 16 Members are required for the panel in question, I extend the time for receiving further nominations up to 12 Noon to-morrow, the 8th February, 1927. The election, as already announced, will take place on the 9th of February.

ELECTION OF MEMBERS FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President: The Assembly will now proceed to elect eight Members for the Central Advisory Council for Railways. I may inform the Assembly that 17 nominations were received originally, but three candidates, namely, Mr. Abdul Latif Sahib Farookhi, Mr. Siddheswar Sinha and Mr. Rafi Ahmed Kidwai have since withdrawn their names and these names have been cut out from the ballot papers which will now be supplied to Honourable Members in the order in which I call them.

(The ballot was then taken.)

STATEMENT REGARDING THE CURRENCY BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, with your permission, I desire to make a statement on a matter which I know is of great interest to the House.

The Government have given very careful consideration to the question of further procedure on the Currency Bill and have taken fully into account the views expressed by various speakers in the course of the debate on January the 25th. In order that their position in this matter may be clear to the House, the Government desire to explain shortly the reasons for the conclusion they have reached.

As many Honourable Members are aware, the main features of the Budget have to be settled by the Government by the middle of January each year and it is only under considerable pressure that the preparation of the detailed estimates and Demands for Grants can be completed in time for the introduction of the Budget on February the 28th. The decision of the Assembly to postpone consideration of the Currency Bill last August, therefore, made it impossible for the Budget of 1927-28 to be prepared on the basis of any ratio other than 1s. 6d. The effect on the Budget of a reduction of the ratio to 1s. 4d. would, of course, be very considerable, but it does not, in any way, depend on the question whether the final decision regarding the ratio is taken before or after the introduction of the Budget. Clearly the effect must be the same in either case and, as stated by the Currency Commission in paragraph 207 of their Report, the effect, though it is not decisive, cannot be ignored in considering what the ratio should be. If the House is called upon to come to a decision on the ratio before the Budget is introduced, the decision will take place in the absence of facts and figures which are known to the Government and are very material to the discussion and should obviously be weighed by the House in coming to their conclusion but cannot be disclosed without a premature disclosure of the contents of the Budget. If, on the other hand, the Budget is opened before the discussion takes place, the House will have full knowledge of the bearing upon the finances of the country of the decision they are called on to take and will be able to come to their conclusions both on the Budget and on the ratio with a full understanding of all the relevant facts. No more and no less difficulty would be involved in re-adjusting the Budget figures and proposals to a 1s. 4d. ratio if a decision in favour of that ratio were taken after February the 28th than if it were taken earlier.

In view of these considerations, the Government have decided to put down the motion that the Currency Bill be taken into consideration on Monday, March the 7th.

THE INDIAN SECURITIES (AMENDMENT) BILL.

Mr. M. S. Aney (Berar Representative): Sir, I move that the Select Committee to which the Bill to amend the Indian Securities Act, 1920, for certain purposes, was referred, do consist of the following persons, namely, Sir Victor Sassoon, Sir Walter Willson, Sir Purshotamdas Thakurdas, Mr. Vidya Sagar Pandya, Mr. K. C. Neogy, Mr. Jamnadas M. Mehta, Mr. S. Srinivasa Iyengar, Mr. T. Prakasam, Kumar Ganganand Sinha, Mr. Ghanshyam Das Birla, Seth Jamnadass, Dr. B. S. Moonje, and the Mover, with instructions to report not later than 1st March, 1927; and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be seven. I have not included the names of the Honourable the Law Member and the Member in charge of the Bill because they will be present and it is not necessary to include their names.

The Honourable Sir Basil Blackett (Finance Member): Sir, I desire to move that the following be added to the names of the Members of the Committee, Mr. Graham, Mr. Aravamudha Ayyangar, Dr. Hyder and Sir Abdul Qaiyum.

Mr. President: The question is:

"That the following be added to the names of the members of the Select Committee just proposed: Mr. Graham, Mr. Aravamudha Ayyangar, Dr. Hyder and Sir Abdul Qaiyum."

The motion was adopted.

Mr. President: The question is:

"That the Select Committee to which the Bill to amend the Indian Securities Act, 1920, for certain purposes, was referred, do consist of the following persons, namely:—Sir Victor Sassoon, Sir Walter Willson, Sir Purnshotamdas Thakurdas, Mr. Vidya Sagar Pandya, Mr. K. C. Neogy, Mr. Jamnadas M. Mehta, Mr. S. Srinivasa Iyengar, Mr. T. Prakasam, Kumar Ganganand Sinha, Mr. Ghanshyam Das Birla, Seth Jamnadas, Dr. B. S. Moonje, Mr. L. Graham, Mr. V. K. A. Aravamudha Ayyangar, Dr. L. K. Hyder, Sir Abdul Qaiyum and the Mover, with instructions to report not later than 1st March 1927; and that the number of persons whose presence shall be necessary to constitute a meeting of the Committee shall be seven."

The motion was adopted.

THE INSOLVENCY (AMENDMENT) BILL.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I beg to move for leave to introduce a Bill further to amend the Presidency Towns Insolvency Act, 1909, and the Provincial Insolvency Act, 1920, for certain purposes.

The House may perhaps be reassured on this occasion when I tell them that this is not a bye-product of the Civil Justice Committee. The main proposal in this Bill was taken up at the instance of the Bombay High Court. They addressed the Government of Bombay and the Government of Bombay addressed us. The Honourable Judges suggested that the existing law of the Presidency Towns Insolvency Act, 1909, should be amended so as to provide that the insolvent should not present a second or further application for adjudication after the annulment of the insolvency without the leave of the court. The Honourable Judges of the Bombay High Court have assigned as their reason for their proposal that it was necessary in order to check the increase in the number of such applications which had been brought to their notice in recent years. When the Government of India received that communication from the Bombay High Court through the Local Government, they consulted all other Local Governments and High Courts and in the result there was a very large bulk of opinion in favour of the proposed amendment. In the course of circulation we had one or two minor suggestions, one of which Honourable Members will find in clause 4 of the Bill. That was suggested to us by the Calcutta High Court who suggested that we should make it clear that the previous proceedings might be proceedings under Act III of 1909 or under Act V of 1920. The only other provisions of the Bill are certain provisions which assimilate the Provincial Insolvency Act with certain amendments that have recently been made. Sir, I move.

The motion was adopted.

The Honourable Sir Alexander Muddiman: Sir, I introduce the Bill.

THE INDIAN LIMITATION (AMENDMENT) BILL.

(AMENDMENT OF ARTICLE 182 OF SCHEDULE I.)

The Honourable Sir Alexander Muddiman (Home Member): Sir, I move that the Bill further to amend the Indian Limitation Act, 1908, by amending Article 182 of Schedule I to that Act, be taken into consideration. I do not propose to detain the House with a speech at this stage. I have fully explained the object of the Bill when I moved for leave to introduce. Sir, I move.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, this morning I made a fair and honest attempt to negotiate with the Honourable the Home Member for consenting to a Select Committee being appointed in order to consider the full effect of Article 182 of the Indian Limitation Act. Having failed in that attempt I am constrained to oppose the further consideration of this Bill, and that, Sir, for very good reasons

Mr. President: The Honourable Member is even now entitled to move for a reference to Select Committee.

Mr. C. Duraiswamy Aiyangar: Sir, I am opposing the consideration of the Bill. In introducing a twopenny-halfpenny measure like this before this House the Honourable the Home Member is not doing justice either to this House or to the Civil Justice Committee. The Civil Justice Committee, better and more accurately known as the Laws Delays Committee, was the pet child of His Excellency Lord Reading. That Committee travelled all over India, examined many important witnesses, very eminent Judges, very experienced practitioners and representatives of all classes of interests, and that inquiry includes the Honourable the Law Member of this very Government. Having made that elaborate inquiry the Committee has made this report. The report, Sir, I hold in my hand; the price of this book is Rs. 2,88,000; and yet, Sir, when a serious recommendation is made by the Civil Justice Committee on this very Article 182 in this precious book, a very precious book for the taxpayer, some officer in the Home Department, some blessed officer who is devil-ling for the Home Member in these matters, overrides all this recommendation, sits in judgment over the Civil Justice Committee and makes a mockworship of that Committee by taking the tail end of their recommendation and shaping a head out of the tail.

The Honourable Sir Alexander Muddiman: May I ask the Honourable Member what the House did with the last recommendation of the Civil Justice Committee?

Mr. C. Duraiswamy Aiyangar: Mr. Cocke recommended recirculation and we have recirculated it. Sir, among the law's delays, the lion's share is taken by the execution of decrees; and in 1872 Sir James Colville, delivering the judgment of the Privy Council in the Maharaja of Darbhanga's case, said that the difficulties of the litigant in India began when he had obtained a decree. What he said in 1872 is a thousand times truer to-day than it was 55 years ago. And yet, Sir, when the Civil Justice Committee has taken that as a text and made a recommendation here, the Honourable the Home Member does not want to respect it. Sir, at page 377 of that Report the Civil Justice Committee says:

"Many execution petitions are filed merely to satisfy the requirements of the law of limitation according to which a decree has to be kept alive by application every three years. In such cases the decree-holder does not proceed with the application and never intended to do so."

[Mr. C. Duraiswamy Aiyangar.]

And at page 402 of that Report the Civil Justice Committee makes a specific recommendation with reference to Article 182 which is the subject of our consideration at present. At page 402 the Committee says:

"Section 48 has to be read with Article 182 of the Limitation Act. This would ordinarily mean that the decree-holder can execute his decree at any time within those 12 years; but under Article 182 he has to apply every three years to keep the decree alive; otherwise though section 48 allows 12 years his decree will become barred by limitation. This provision has led to an enormous number of frivolous applications and the statistics to which we referred in the beginning of Chapter 29 are swollen by reason of this requirement. Opinion is almost unanimous that the rule requiring applications to be filed inside the three years' limitation should be deleted and we recommend this with a view to save the time of the court and of the parties. It has, however, been suggested that if this is done there will be some room for fraud in regard to *ex parte* decrees. We think that though this is a possible danger, it is not for that purpose necessary to retain the provision in question. Other remedies can be provided."

Sir, after making this distinct recommendation the Civil Justice Committee considered some subsidiary points and at the tail end of it they unfortunately introduce the fatal sentence which has been taken advantage of by the Honourable the Home Member. In the last sentence they say:

"If, however the Article is to continue"

On this expression "if, however," the whole of this Bill has been built up

The Honourable Sir Alexander Muddiman: Will the Honourable Member read the rest of the sentence?

Mr. C. Duraiswamy Aiyangar: I will read it:

"If, however, the Article is to continue as it is and intermediate petitions are still to be required, we think that the period of three years should begin, not from the date of the last application but from the date of the last order on such previous application."

Opinion is at present practically unanimous on that latter point. Opinion was unanimous on the deletion of Article 182 and still if the Honourable the Home Member, or the officer in the Home Department, or some solicitor or attorney drafting a Bill should prefer this over and above the main decision of the Committee, they make this subsidiary recommendation. My Honourable friend the Home Member wants me to read it 12 Noon. fully although he has printed only that portion of it in the Statement of Objects and Reasons. In the Statement of Objects and Reasons the Honourable the Home Member commences with the latter part of the recommendation and omits the main recommendation of the Civil Justice Committee. Sir, we are asked to give consent to a twopenny-halfpenny measure like this. Sir, the Laws Delays Committee has been organized at a great cost in order to bring down delays in the execution of applications, and the Honourable the Home Member is increasing the delay in the execution applications; he is increasing frivolous applications by compelling a decree-holder, who may be an honest respectable gentleman, to be a court-bird, to be always in the court looking at these and other interlocutory applications. Is that the purpose here, Sir? As a practising lawyer, Sir, the more the merrier for me, but, Sir, I feel that as a speck in this august assemblage of legislators I should do my duty in order to lessen the troubles of a decree-holder.

Now, section 48 of the Civil Procedure Code gives a period of 12 years within which he can come at any time when there is a favourable opportunity for him to realise the fruits of his decree and execute it; but, Sir, Article 182 recommended by the Honourable the Home Member for rejuvenation asks the decree-holder day after day to remain in court, put in application after application for the execution of the decree, and incur further costs over and above what he may be able to realise as the ultimate fruits of his decree. Sir, are we to lend our support to a measure like this? I submit, Sir, that we ought not to do it.

Sir, it may be asked if by the rejection of this Bill altogether whether we shall not be taking away the little benefit which the Honourable the Home Member may confer upon the decree-holder by altering the time from which the limitation should run for a further application for the execution of the decree. Sir, what he offers to the decree-holder is practically nothing; it is really nothing. If the Honourable the Home Member will peruse the whole of article 182, he will himself find that he confers absolutely no benefit at all. He uses the expression which says:

"If, however, it is decided to retain Article 182 in its present form, the Committee recommend that it should be amended so as to provide that the period of three years should begin not from the date of the last application for execution, but from the date of the last order on such a previous application."

Now, Sir, what does it matter to us whether he puts in his execution petition after the final order is passed or as Article 182 stands, from the date of any order when he takes a step in aid of execution. Sir, no decree-holder will be so foolish as to file an execution application in court and after sleeping for 3 years come in again for a fresh execution. He must be an absconder from a lunatic asylum if he does so. No court will permit him to do so. The court will press him either to withdraw the application or reject it. What benefit does the amendment confer on such a decree-holder who is necessarily bound to take some step in aid of the execution of the decree now and then when he once files an execution application? Therefore, Sir, by dropping this Bill altogether we do not lose anything. If, on the other hand, the Honourable the Home Member makes up his mind to lessen the number of execution applications, to lessen the number of times that an applicant will have to come to court, to diminish the costs of execution which are ever increasing, and finally to limit and lessen all these difficulties of the decree-holder, then, Sir, he will be conferring a real benefit, otherwise there is absolutely no good of entertaining a measure like this.

Sir, two years after the Civil Justice Committee laid its Report on the table of the Honourable the Home Member, we have got this small modicum of measure. When are we going to see the end of the recommendations of the Civil Justice Committee? His Excellency Lord Reading gave us the Laws Delays Committee, and it is time for His Excellency Lord Irwin to think of a Legislation Delays Committee? Sir, I trust that the Honourable the Home Member will not allow me to pursue my opposition to this measure, but will on the other hand consent to a Select Committee being formed so as to put right this one . . .

Mr. President: There is no motion before the House for a Select Committee.

Mr. C. Duraiswamy Aiyangar: I am only recommending

Mr. President: You should have moved for a reference to Select Committee.

Mr. C. Duraiswamy Aiyangar: I have finished my speech, Sir.

Mr. J. M. Dunnett (Home Department: Nominated Official): Sir, I must begin by congratulating the Honourable and learned Member from the ceded districts of Madras on the course which he has taken. He has abandoned, I understand, his motion for a Select Committee, and I also understand that he has abandoned, because he has anticipated in this motion, his later motion for the deletion of the whole of Article 182, and he has taken the simple and straight-forward course of opposing this Bill from the outset. Sir, it seems to me he does it on two grounds. First he says that the deletion of Article 182 was the recommendation of the Civil Justice Committee. Now, Sir, I think any one who has dealt with this subject has scanned with some interest and with some care what the Civil Justice Committee did say on this subject, and although the Honourable Member did read to the House those parts of the Civil Justice Committee's Report which seemed to be in his favour, I submit, Sir, that he did not give their final recommendations to the House nor did he give the gist of their recommendations. I do not wish to read all that they said, but I think the House will be satisfied with two references. The Committee actually do say:

"Our recommendation is that ordinarily the execution of a simple money decree shall be barred after six years, but that the decree holder shall be entitled to apply to the Court which has passed the decree."

And so on. That is to say, they reduced the period of limitation running under section 48 in the case of money decrees only and in all other decrees they left the law as it stands. They did not propose to delete the provisions of the law which impose a limitation on applications for execution. They go on to say that if you do not do that, then do what we now propose to do in the Bill

Mr. C. Duraiswamy Aiyangar: May I know, Sir, whether that suggestion about the money decrees for six years is not by way of amendment to section 48 of the Civil Procedure Code and not to Article 182 of the Limitation Act?

Mr. J. M. Dunnett: The point that I am trying to make first is that the Civil Justice Committee did not propose the deletion of Article 182, that is to say, they did not take the ground on which my Honourable friend and learned Member opposes this motion. The short answer is this. The Civil Justice Committee with great care made an exhaustive table at the end of the Report containing their recommendations, and nowhere do they mention in their table the deletion of Article 182. The table is at page 618, and their proposal is the amendment of section 48 with a corresponding alteration in Article 182, and not the deletion of Article 182 to bar execution decrees after 6 years. The Civil Justice Committee, Sir, did not propose, in fact nowhere did they propose to delete Article 182.

The second ground, Sir, on which he proposes to delete Article 182 and says that this House should not consider this mild Bill, is that Article 182 and the whole procedure of requiring the decrees to be kept alive by application for execution is bad. Well, Sir, it is a part of the law which, as far as I can find, has been a part of every law of limitation for the last 75 years at least and looking at the form of the law, it is, I imagine,

designed, in the first place, to keep judgment debtors aware of decrees and of the position in which they stand. I think the House will not agree to allow a judgment debtor, as my Honourable friend by deleting Article 182 would do, to sleep on his decree for say 11 years. To expect the Court, on an application 11 years after the decree, to adjudicate not between the original parties to the decree but their representatives who may have no notice and to settle the questions which may have arisen in the meantime concerning, for instance, satisfaction out of court, is to ask the court, after a long period, to deal with matters which are so obscured by the lapse of time that a fair and just decision is a matter of extremely high difficulty. I think the House, Sir, will perhaps agree that the deletion of Article 182, whereby we would turn our backs on a provision of law which for many years, perhaps a century, has been regarded as essential, is a very serious step to take and *prima facie* it would lead to great difficulties in doing justice between judgment creditors and judgment debtors.

Finally, Sir, my Honourable friend says that the Bill gives us nothing. Well, Sir, he praised the Civil Justice Committee in high terms where it suited him, but, when it comes to this recommendation, which also has the support of the Civil Justice Committee, he is silent. (*Mr. C. Duraiswamy Aiyangar*: "How far is their recommendation?") Sir, it is a recommendation of the Committee. When the Civil Justice Committee supports and in fact originates this proposal, he is silent as regards the great authority which that recommendation carries.

For these reasons, Sir, I should like the House to proceed at once to the consideration of this small and useful—not to a first degree useful, but certainly useful—measure and to take it into consideration.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, to me this small Bill does not seem to be a very contentious one. I admit that it does not confer any great advantage upon the decree holder, but then I am not prepared to agree with my Honourable friend over there that it may do any harm to the decree holder. In any case, it will extend the time by a few months. However, I am not prepared to agree with him that the consideration of the Bill should be rejected at this stage. But, in order to come to a compromise or settlement, I move that the Bill be referred to a Select Committee, and I hope that the Honourable the Home Member will also agree to the proposal. It will not take a very long time, it is a very small Bill and in one or two days' sittings, after the meetings of the House are over, we could go through the Bill and I think it would be better if the Bill comes to this House with the unanimous report of the Select Committee and be unanimously carried through.

The Honourable Sir Alexander Muddiman: Sir, I should be very willing, as I always am, to meet the House in this matter of a Select Committee, but really the Bill is so perfectly clear and, if you accept the principle of the Bill, there is nothing to refer to a Select Committee, beyond this question of drafting. If the Honourable Member does not like the drafting, he could bring it up at the consideration stage. I ask the House to take the motion into consideration.

Mr. President: The original question was:

"That the Bill further to amend the Indian Limitation Act, 1908, for a certain purpose (Amendment of Article 182 of Schedule I), be taken into consideration."

[Mr. President.]—

Since which the following amendment has been moved:

"That the Bill be referred to a Select Committee."

The question I have to put is that that amendment be made.

The motion was negatived.

Mr. President: The question is:

"That, the Bill further to amend the Indian Limitation Act, 1908, for a certain purpose, be taken into consideration."

The motion was adopted.

Mr. President: The question is:

"That clause 2 do stand part of the Bill."

Mr. C. Duraiswamy Aiyangar: I move, Sir,

"That for the words 'final orders' the words 'last order' be substituted."

"Orders" will have a very dubious meaning, and of course it will be a difficulty to find out from how many orders the limitation commenced. The plural must therefore be singular. As to the word "final" being changed to "last", I have taken the phrase from the Statement of Objects and Reasons and from the Civil Justice Committee's Report. But, if the Government persists in having "final" as a question of prestige, I have no objection. Anyhow, if the Honourable the Home Member finds no objection, he may change it into "last order".

The Honourable Mr. S. R. Das (Law Member): Sir, the Government considered this matter and, as a matter of fact, although the Statement of Objects and Reasons speaks of "last order", the final order really gives a definite order from which time can run. Now, take a case where application has been made for circulation; circulation orders have been made and then it has not been proceeded with. Which is the last order? On the other hand, final order gives you a definite last order from which time may run, and to avoid future confusion, the Government thought it better to use the words "final order" instead of "last order". I think "final order" is better.

Maulvi Muhammad Yakub: May I know, Sir, what is the use of having the plural? Why do you use the word "orders"?

The Honourable Sir Alexander Muddiman: I am quite prepared to take the word "order" for the word "orders". If the Honourable Member will move that for the word "final orders" the word "final order" be substituted I will accept that amendment on behalf of Government.

Mr. C. Duraiswamy Aiyangar: I will allow that to be moved by you, Sir.

Maulvi Muhammad Yakub: Then, I move that amendment, Sir.

Mr. President: Amendment moved:

"That in clause 2 of the Bill, for the words 'final orders' the words 'final order' be substituted."

The motion was adopted.

Mr. C. Duraiswamy Aiyangar: Sir, my next amendment is a very important one:

"That to clause 5 of the said Article the following words shall be added, namely:— 'or the date of any final decree passed in a suit directing a refund of any amount realised by the decree-holder in execution of a decree.'"

Sir, I will mention to the House one practical illustration which will show the necessity for this addition to clause 5 of Article 182. Supposing, Sir, a decree holder executes his decree (Sir, I want the Honourable the Home Member and the Honourable the Law Member to attend to what I say) supposing, Sir, a decree holder executes a decree and, in the course of the execution of the decree, he receives by way of rateable distribution under section 68 certain amounts to satisfy the decree. The decree is satisfied and the execution application is dismissed. Supposing, Sir, in the group of decree holders who have applied for rateable distribution under section 73 one of the decree holders is declared not entitled to rateable distribution by the court and the person who is denied the rateable distribution files a suit against those decree holders who have received rateable distribution without paying anything to him, asking them to refund a proportion of the amount they have received on the ground that he was also entitled to rateable distribution but was wrongly disallowed by the court which distributed the money; then, Sir, you will find that the suit will go on for three or four years and then finally, if the court decides that the plaintiff decree holder who was disallowed distribution by the distributing court was really entitled to it, and therefore the other decree holders who received the amount must refund a proportionate portion of the amount which they have received, the decree becomes unsatisfied *pro tanto*, and then if he comes to the Court asking for a further execution of his decree, by that time his execution would have been barred under Article 182 and he is left without a remedy. This is a case which actually occurred in our Court, which was taken up to the Madras High Court and my Honourable friend Mr. Srinivasa Iyengar and I had to deal with it at various stages. This difficulty would be obviated if to clause 5 you add also the expression which I have used in the amendment "or the date of any final decree passed in a suit directing a refund of any amount realised by the decree holder in execution of a decree". In that case, the moment he is asked to disgorge a portion of the amount which he has received in execution of the decree passed in a regular suit he will get a cause of action to revive his execution application and ask for execution of his own decree to the extent to which it became unsatisfied. In other respects, if such a suit was not brought, then his decree would have become satisfied completely by the rateable distribution. I think you will be able to realise the real difficulty which the decree holders may experience and consent to this small addition to clause 5 of Article 182 and I think I have practically convinced Mr. Tonkinson already outside the House. (*An Honourable Member:* "The House must be convinced.")

The Honourable Mr. S. R. Das: Sir, I may say at once that we accept the principle referred to by the Honourable Member. I think that is a case that should be provided for. But we have not had sufficient time to consider the wording of the amendment. If the Honourable Member will be satisfied with this, we undertake to introduce an amendment in the Council of State embodying this principle, on the understanding that the Honourable Member withdraws this amendment.

Mr. C. Duraiswamy Aiyangar: I withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir Alexander Muddiman: Sir, I move that the Bill be passed.

The motion was adopted.

THE STEEL INDUSTRY (PROTECTION) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, I beg to present the Report of the Select Committee to which the Bill to provide for the continuance of the protection of the steel industry in British India was referred.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 8th February, 1927.

LEGISLATIVE ASSEMBLY.

Tuesday, 8th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

PREVENTION OF THE SPREAD OF COMMUNAL ILL-WILL.

317. ***Kumar Ganganand Sinha:** (a) Has the attention of Government been drawn to the letter addressed to the Editor, *Amrita Bazar Patrika*, by Dinabandhu Acharya which appeared in page 6 of the P. Duk, Friday, January, 1927, issue of the journal?

(b) If so, will Government be pleased to state what action, if any, is being taken to find out the real significance of such letters as the correspondent and Pandit Sukernath are said to have received and to prevent communal ill-will likely to be caused by such letter? If no action is being taken, why?

The Honourable Sir Alexander Muddiman: (a) Government have seen the letter.

(b) The question whether any action is required on it is one for consideration by the local authorities.

HEALTH OF MR. SUBASH CHANDRA BOSE.

318. ***Kumar Ganganand Sinha:** 1. Have Government made inquiries as to the health of Mr. Subash Chandra Bose? If so, how is he? If they have made no inquiries, why?

2. Has the attention of Government been drawn to the resolution of the Calcutta Corporation passed unanimously on the 26th instant, and the statements made by its Mayor on that occasion?

3. In case Mr. Bose is ill, what arrangements have been made for his treatment and nursing? Are Government prepared to allow the members of his family to attend and give such medical assistance as he or any member of his family deems necessary? If not, why?

4. Are the Government of India or the Bengal Government considering the question of releasing him or bringing him down to Calcutta for treatment?

The Honourable Sir Alexander Muddiman: I have recently explained to the House that, while the Government of India accept general responsibility for the policy under which the Bengal detenus are restrained, and the application of that policy in the case of Regulation III prisoners is a matter for the Government of India, in the case of the Bengal Criminal Law Amendment Act prisoners, it is a matter for the Government of

Bengal. Mr. Subash Chandra Bose is detained under the Bengal Criminal Law Amendment Act, and I will forward, for the consideration of the Government of Bengal, a copy of my Honourable friend's question and the answer which I have given.

MOTION FOR ADJOURNMENT.

POSTPONEMENT OF THE CONSIDERATION OF THE INDIAN CURRENCY BILL.

Mr. President: I have received the following notice of motion for adjournment of the House from Mr. S. Srinivasa Iyengar:

"I hereby give notice that I shall move for an adjournment of the House to consider a definite matter of urgent public importance, namely, the serious situation created by the decision of the Government in putting off the consideration of the Indian Currency Bill till after the disposal of the Railway Budget and till after the presentation of the General Budget."

The decision of the Government was announced only yesterday and it seems to the Chair that, if that decision is to be called into question with any effect between now and the 7th of March, there is no other method for doing so that I can think of except the one proposed in this notice. The motion therefore, seems to me to be *prima facie* in order and I would like to hear Government if they have any objection.

The Honourable Sir Alexander Muddiman (Home Member): Sir, on a point of order for on the merits of this particular application I do not propose to enter. But I would suggest to you, Sir, that the Chair, as indeed you indicated the other day, should watch very jealously these motions for adjournment, as they require, if I may suggest to you and as indeed you said yourself, to be restrained or the business of the House will be disturbed very frequently. On the particular point before the House I submit for your consideration that Government has undoubtedly the right to set down its business on its own day as it likes. If it exercises that right contrary to the general feeling in the House, it prejudices its own case. But in that respect I suggest it must be allowed to take its luck like any other Member. If it appoints a date which is not satisfactory to the House, it may be presumed that the House will show its dislike by approaching the Bill, or whatever the matter might be, in a spirit of hostility. The suggestion which lies behind this proposed motion is that the date will prejudice unfairly the decision sought to be obtained in connection with the Bill. Sir, that is a matter for comment in the debate which could be raised on the motion itself. Therefore, I suggest, the date having been fixed, the matter is in the first place not urgent, and, secondly, that the proposed motion offends against the rule against anticipation.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, I wish to submit, in reply to what has been said by the Honourable the Leader of the House, that whilst Government may be conceded to have the right to set down their business in this House to suit their own convenience, the business which Government bring up before this House affects the whole country, and, therefore, this side of the House also should have a right in saying how Government should set down their business. This cannot be challenged, because, as a rule,

'Government respect the wishes of this side of the House in arranging their business. The question before this House, Sir, that is the subject-matter of the motion for adjournment peculiarly affects the public interests. The Railway Budget is to be considered by this House in the third week of this month. As I understood from the programme that was mentioned to us, this House will be called upon to vote Demands for Grants for the Railway Budget from the 21st of this month. Knowing that the ratio is to be taken into consideration on the 7th of next month, how can this House, Sir, proceed to consider the Demands for Grants when we bear in mind that the difference in the Railway Budget, capital and revenue, owing to the ratio being 1s. 4d. or 1s. 6d. will amount to close upon 2½ crores of rupees. I feel, Sir, that if any motion for adjournment of the House submitted to you had the strongest case at any time this one ought to be considered to have that. If the House is to consider the question from the point of view of 1s. 6d. on which basis the whole Budget I understand is likely to be framed, the decrease in expenditure on Railways alone will be one crore of rupees. If subsequently the ratio is altered, this House will not be able to cut down the expenditure, and to that extent this will be a positively wrong lead to give to this House at the time of consideration of Demands for Grants for Railways. I therefore submit that this question is perfectly in order and must be regarded as a matter of urgent public importance.

The Honourable Sir Basil Blackett (Finance Member): Sir, I would submit that the point which Sir Purshotamdas Thakurdas has raised about the Railway Budget can very well be dealt with on the Railway Budget, and that the objection of anticipation is even stronger in view of what he has said. The difficulty that he will be in will be, not that he will vote too much for the Railway Budget expenditure, but too little.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore ~~sum~~ North Arcot: Non-Muhammadian Rural): Sir, on the question of the urgency of this motion, I would like to say a word. The Honourable the Finance Member said that at the rate of 1s. 6d. we will not be voting too much but too little for the Railway Budget. The Railway Budget grants will be finished by about the third week of this month; the voting of grants will be finished and the Government will be empowered to spend that money. If the ratio is later on to be altered to 1s. 4d., it would mean an increase in Railway expenditure; and if at the time of voting we know what this increase will be, we may perhaps be enabled to make the necessary cuts in the direction that we think proper. But by postponing the discussion of the ratio to a later date we are deprived of the real power that is vested in this House to regulate Railway expenditure, and therefore, I submit this is a matter of very urgent importance to this House.

Mr. President: The Chair is usually very unwilling to admit motions for adjournment of the House which interrupt the ordinary business of the House, except when a clear case is made out for that purpose. In this case the only objection taken by the Home Member is that the matter is not urgent. Well I thought that every section of this House considered this matter of an urgent character. The Government themselves had to consider this question so urgent as to convene a meeting of the Executive Council and pass judgment on the question whether the Ratio Bill should be taken up for consideration immediately or postponed till immediately after the introduction of the General Budget. It does not lie in their

[Mr. President.]

mouth to say the matter is not urgent. The Home Member cannot complain if the Chair agrees with Government in considering this matter urgent. I therefore rule the motion in order. Does any Member object to leave being given to Mr. Srinivasa Iyengar? As no Member objects, I intimate that leave is granted and the motion will be taken up for discussion at 4 o'clock or earlier if the business of the day concludes earlier.

ELECTION OF MEMBERS TO THE PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President: I have to announce that the following Members have been elected to the panel for the Central Advisory Council for Railways:

Lieutenant-Colonel H. A. J. Gidney,
 Sir Darcy Lindsay,
 Mr. Anwar-ul-Azim,
 Mr. M. R. Jayakar,
 Khan Bahadur Nawabzada Saiyid Ashrafuddin Ahmad,
 Mr. Ambica Prasad Sinha,
 Khan Bahadur Haji Abdullah Haji Kasim, and
 Sir Purshotamdas Thakurdas.

ELECTION OF MEMBERS OF THE SELECT COMMITTEE ON THE AMENDMENT OF STANDING ORDERS.

Mr. President: The next item on the Agenda is the election of 7 Members as members of the Select Committee on the amendment of Standing Orders. Eight members have been nominated, out of which Pandit Nilakantha Das has withdrawn his candidature. I therefore declare the following Members duly elected:

Mr. L. Graham,
 Mr. H. Tonkinson,
 Mr. M. Keane,
 Mr. M. Ruthnaswamy,
 Mr. Duraiswamy Aiyangar,
 Mr. A. Rangaswami Iyengar, and
 Mr. M. S. Aney.

RESOLUTION re AMALGAMATION OF THE ORIYA-SPEAKING TRACTS.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I beg to move:

"That this Assembly recommends to the Governor General in Council to be pleased to take immediate steps to put or publish the schemes of putting all Oriya-speaking tracts under one local administration."

To the Government this is not a new subject. It has been before the country practically in the forefront of our political issues for the last 25 years or so. The history of this movement is a very long one, and since 1908, when first the then Home Secretary considered it necessary that all Oriya-speaking tracts should be put under one administration, for some reason or other of purely administrative convenience it has been postponed from time to time. We are given assurances that all our outlying tracts should come under one Government. Sometimes some hope of a sub-province has been put forward but nothing practical has come of it yet which would satisfy the Oriya people. In 1920, just towards the end of the last Imperial Legislative Council, a Resolution was moved by the Honourable Mr. Sachchidananda Sinha on this subject. Government gave assurances that they would enquire into the matter and probably they meant to do something as early as the Reforms scheme was put into operation. Practically the first term of the Reform Council was over and the Government did not move in the matter. At the beginning of the second term, to a question of my friend Mr. B. Das, Government however agreed to institute a committee of enquiry so far as the Madras Oriyas are concerned. Accordingly the Phillip-Duff Commission were sent out to enquire into the matter and their report, though it has not been published to all the Members of the House, has been published in the office. After all their enquiries in the Ganjam and Vizagapatam districts they have made out a clear case that the people expressed a very strong desire and anxiety to be united with their fellow-men in the present division of Orissa—I mean the four or five districts in Bihar and Orissa. In case of a few of these outlying localities in the Ganjam and Vizagapatam districts there may be some difference of opinion on account of our census figures; but I may here inform the House that Oriyas have been under several administrations in several tracts, and practically in each of the tracts an intermediary ruling race with vested interests has been created, and the Bengal Government puts it clearly that the census supervisors and enumerators are afraid to record people as Oriya-speaking, because they fear if they put it like that, the tract will be transferred to Orissa. It is there in the letter which was written to the Bengal Government and came to the Government of India in 1922. Actually the Superintendent of Census at a meeting of enumerators and supervisors heard it remarked by one of them that they were not willing to record people as Oriya-speaking even though they had evidence to that effect.

I may quote the passage:

(in the gathering of Enumerators and Supervisors).

"I heard someone say that if there is a large number of Oriya-speaking population at Danton, there is every likelihood of Danton being transferred to Balasore." This was the remark he heard. It is in a letter by Mr. A. M. Chakravarty, Circle Officer, regarding Oriya-speaking people in Danton and Mohanpur, dated the 5th July, 1921.

Another reason is advanced that the expression of desire on the part of the people is sometimes due to agitation. It may be a fact that when a movement is started some leaders create a public opinion in favour of something which they know will be conducive to the interests of the country. Ordinary people do not understand generally the future of any new movement and it is a fact everywhere

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in the world that opinions are created when the masses are not in a position to understand what is what. But before I go into the history of this movement and criticise it, I should like to enlighten the House about what Orissa is, what it was in history and what are its claims for being constituted as a separate province or to be put under one administration, as I have called it, for I am put in mind of a very curious incident. I was talking to one of my friends in this House—I mean the last House. He asked me, where I came from. I said "Orissa". He looked as if he could not understand me. (Laughter.) Yes; it was a fact; then I said, Bihar and Orissa. He said "Yes, yes; it is somewhere near Assam." I need not say what then followed and how I explained where I came from. But it is perhaps a fact that our people being for the last two hundred years in a state of practical vivisection, so to say, other people in India do not sometimes understand who we are and who we were.

The present Orissa inherits the culture of three ancient provinces; one is Kalinga, another is Utkal, and the third is Udra. Ancient Kalinga was the first colony of the Aryans on the fringe of the Dravida country. The clear history extends so far back as the 7th century B. C. It comprises the coastal strip from Calcutta or Tanulok to the southern extremity of Ganjam. This was the Kalinga, which was conquered by Asoka, the King of Magadha, whose conquests made a saint of him. Kalinga had a robust culture and the present colossal art of Orissa which is a distinct type of Aryan art is the remnant of the development of ancient Kalinga art, which in original may be found even now in the cave temples of Orissa. The sea-faring habits and navigation of Kalinga are well known. The name Bijay Singha is well known to Indian history. He himself is claimed by four provinces, Orissa, Bengal, Gujrat and Burma. But it is a certain fact that his wife who accompanied him to Ceylon and colonised and civilised that land belonged to Kalinga. She was the daughter of the King of Kalinga; and the colonisation of Kalinga in Burma and the Eastern Archipelago, is also a fact of history. The local name of the present Pegu is Ossa, which is a corruption of Orissa, and some temples in Burma were constructed after the pattern of the cave temples of Udaygiri in Orissa. Kalinga navigation was still being practised in Orissa till the seventies of the last century when it was practically crushed out of existence by the high export duty on saltpetre and the salt trade which was killed on account of the ballast system of foreign salt—foreign salt being carried into this country as ballast. It was still living in Balasore and some other coastal towns in Orissa till practically the latter half of the last century and the sloops and small ships in a broken state may still be found in some seaports of Orissa.

Then again Kalinga was a strong Buddhist centre of culture: the Buddhist religion made a stronghold there; when it was again Hinduised the stream of culture came from the Udra country which extended over the South-east portion of the present Central Provinces; and I may say here that the present temple of Jagannath, which stands out as a religious monument throughout India, is a gift of the Udras, and the present Orissan culture may well be proud of that temple where no caste or untouchability is in practice. You will find it nowhere else in India. The culture is purely Orissan; Orissa has kept it up, but that Orissa is not

recognised to be a distinct individual factor in the Indian federation of races.

Of Utkal I should not say more and tire the patience of this House, by detaining them any longer in the domains of ancient history. It would be seen, however that the ancient Utkal influence came from the side of Singhbhum and added many permanent and highly delicate elements of civilisation and advancement to this synthetic stream of culture. Thus it stands out as a fact that we in Orissa from ancient times developed a distinct and individual culture of our own, whose identity could not be killed, though the attempt has been perhaps seriously and continuously made to kill it for about two hundred years.

Orissa was in history always a separate province. It is not in this 20th century that we appeal to the British administration for the first time and claim it to be so. History shows, Sir, that it was always a separate province not only maintained anyhow with its slender revenue, but it was a flourishing State. Even during wars with neighbouring races it could build up a robust art and literature and it could spend enormously on religious art and other institutions of religious and social importance. The extent of Orissa which is now claimed to be from Midnapore to the southern point of Ganjam and from the shores of the sea to somewhere beyond Singhbhum and in the Eastern Central Provinces is not a recent discovery. In olden times it was much larger in extent and a powerful kingdom. Even during the palmy days of Bahmini, Vijayanagarum and Bengal, our kings kept up their independence and carried their mighty peasant militia into the very heart of those countries and our separate existence as an independent race and kingdom was kept up till the latter half of the 16th century when no other province in India except Khandesh—which perhaps succumbed about the same time—kept its independence against the Imperial Moghul arms. Then when Akbar took it, he understood the position. He was a statesman, and not a mere conqueror. He could understand the necessity of the separate existence of the Oriya people and he made it into a separate province. Throughout the Moghul rule it remained separate, and so I must inform the House that our Muhammadans are a respectable class of people, and therefore in Orissa you will seldom find any tension between the Hindus and Muhammadans, nor has any kind of communal rowdyism ever disturbed the peaceful atmosphere of that land.

Then conquest after conquest came, and we were treated like a football. Perhaps during the British régime matters have been carried to extreme lengths. Sometime before the time of the battle of Plassey it was made a part of Bengal. A little before that it was given to Nagpur. I do not know whether—and it is quite probable that—Orissa was given in lieu of the tribute of Bengal to the Mahrattas by the Governor of Bengal under the influence of the merchants of Calcutta who were afraid of the Mahratta raids. Then again it was made a part of the Central Provinces. During the second Mahratta War, it was again thrown on to Bengal, and what happened? The famous historian in his statistical accounts, I mean Sir W. W. Hunter, has admitted how the British Government was responsible for the famine and poverty of our ancient land. It was in Calcutta that the headquarters of Orissa were situated and without practically any notice to the Oriyas our zamindaris were sold in Calcutta for paltry sums, and many of our zamindars now are therefore absentee zamindars, and they live in Calcutta. This is distinctly an act of the

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British Government, as has been pointed out very rightly by Sir W. W. Hunter, in his statistical accounts of Bengal.

This has been our fate, Sir. Since that time we have been made something like a commodity. When it is necessary for the safety and happiness of a major province, we have been thrown about, either partially or wholly, practically like a football. The last of such cruel and heinous experiments was made in putting us with Bihar. Perhaps the Government remember that we were told that we were to supply the sea-board to Bihar. If by supplying the sea-board was meant that we were to wash the feet of Bihar by the gentle offerings of the breezy waves of our hoary and sacred coast of ancient Kalinga, one could well understand it. Or, was there any port open? Was the sea coast of Orissa developed? Was anything at all done to cull Orissa a sea-board of Bihar? It was simply an experiment to supply a portion of feeder land to Bihar to enable it to maintain itself as a separate province.

Maulvi A. H. Natiq (Central Provinces: Muhammadan): Do you want that Orissa should be a separate province independent of, and distinct from, Bihar, and that it should have no concern with Bihar?

Pandit Nilakantha Das: Sir, we should like to be a separate province as Assam or the Central Provinces. Assam has been made into a separate province with practically the same or even less population and with about the same amount of revenue. It has not yet got a High Court nor even a University, but it is recognised as a separate province, and the people are expected to determine and rule over their own destinies, while we are always being thrown about. It is quite natural that we should like to be a separate province as we have been throughout the course of our history, but for about these 200 years, when on account of the fault of the Imperial Government we have been thrown about from place to place, as I have said, like a football, and we have been vivisected and thrown in portions here and there. And it is natural that even at a great risk to our economic life we should much like to be a separate province. But perhaps here I feel called upon to refer to the amendments of my friends from Bihar.

They always like to put in an amendment to say that we should remain under Bihar and Orissa, not the present Orissa Division but a little bigger territory. When in 1921 early in the Reforms a Resolution was moved in the Bihar and Orissa Council, such an amendment failed, and the Resolution as I have put it now was unanimously passed. I do not know what charm there is in putting in the words "under the administration of Bihar and Orissa". I have left the question quite open. I have said "under one administration" with the distinct intention that I do not commit myself either to remain under Bihar and Orissa or to be a separate province, which latter course we should like very much. Here I may be allowed to put in a word about the advantages and disadvantages of being under any other province. If the experiment to tag us on to some other province like a barge to a steam boat is to go on, then I think it would be much better first if we are tagged on to the Central Provinces, for there we shall count for something. Our population is almost as large and the railway communication from Cuttack to Sambalpur, which is under contemplation I understand, may be extended up to Nagpur through some station on the Bengal Nagpur Railway, while

the Vizagapatam Harbour railway will also be another advantage. Or if we are to be put under another province, then Bengal with its High Court and University, which have not only a tradition but which command a certain amount of influence and independence, is nearer our home and is within easy reach of any part of Orissa, not more than 12 hours rail journey. I do not know what charm there is in putting us with Bihar, to wash the feet of the province, as I have said. Patna is perhaps more distant from Cuttack than any other centre, and besides throughout our history we have never been with Bihar. We were once with Bengal, then with the Central Provinces, and then we were thrown back into Bengal. It was only in 1911 that, to annul the partition of Bengal and to give Bihar some advantage of territory, we were put under Bihar. Still the wheels of Government sometimes are calculated to crush our destinies and to dictate what we should be, and if it is still found convenient to the Government that we should be with Bihar we must submit to our destiny, but we should like all the Oriya-speaking people to be under Bihar together. That is the only desire now. We are practically a dying race under the present arrangements of administration, and in this state who or where are we to choose between Provinces except that we appeal and plead for being under one administration. For the present any administration that is given us we shall and we must accept, for there is no other way out. Then we shall wait and when we develop as a united race we shall compel the hands of our destiny, I mean the Government, to give us a separate province, which is our hope and goal and without which we cannot have rest. And as to the redistribution of areas, whatever be the objections from the Government standpoint, if the Government do not put one and all our areas together—that is, the remnant which still remains after all the killing agencies have been in operation for ages and generations, nay, even centuries—if all those areas be not now put together—if some are still left over—the process of killing in this present age will not continue any longer. It cannot. Discontent will never vanish; it will still flourish even in the smallest outlying parts. You may say that some parts of Bengal are unwilling, that the Central Provinces Government does not like the idea, or that a portion of Singhbhum is not naturalised in Oriya culture although it has taken that culture for two or three generations; you will see to your great disadvantage that the agitation will go on. The present age is an age of agitators in the political world and our agitators—I confess it—will come out again into the outlying areas. They will again give you trouble and the question will not be finally settled till all our people still living are put together under one administration, and, if possible, and as soon as possible, under a separate administration, a distinct provincial administration.

Some suggestion has been thrown out to us under the name of a sub-province. I do not understand, nor does my friend the Honourable the Home Member there understand what it actually means. To call a province a sub-province is somewhat odd. If I may define it now as I understand it, it is a province without a High Court and a University, which we are told we shall not be able to maintain independently, although I hold that in spite of the famished condition of our land and its economic disadvantages so often flung in our face we shall try our best to maintain a separate University and a High Court. But if it is not found possible by the present masters of our destiny, it may be made

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into a province like Assam, which has not a University or a High Court. But what does a sub-province mean? That is something rather derogatory in name, and our people are afraid that by calling our province a sub-province we may again be put under disadvantages.

Mr. President: Order, order. The Honourable Member from Orissa must now conclude his observations.

Pandit Nilakantha Das: Thank you. I should like rather to have a province like that than an administration with the prefix "sub" which would give some one the idea that we shall again be tagged on to another bigger province with similar disadvantages to those under which we now have to live. With these words, Sir, I move my Resolution.

***Maulvi Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I am sorry that Maulvi Muhammad Shafee, Maulvi Badi-uz-Zaman and Khan Bahadur Sarfaraz Hussain Khan, the Mussalman representatives of the province of Bihar, are not present in the House this morning to represent the views of their electorates. I think, Sir, I will not be able to do justice to this subject as they would have done. But I should be failing in my duty if I did not give expression to the views of my co-religionists in that province on this subject. Sir, I hold in my hand a letter from Mr. Abdul Azeez, Barrister-at-Law, Secretary of the Bihar Provincial Muslim League, which expresses the views of the Mussalmans of that province on this subject and it runs as follows:

"I am sending you a copy of a Resolution passed at an extraordinary meeting of the Bihar Provincial Muslim League. The Mussalmans of Bihar feel strongly in the matter and they consider that if the motion is accepted, it will be a great blow to their political prestige in the province. The inclusion of Orissa in the province of Bihar is responsible for the low percentage of the Mussalmans in the province, and if the other Oriya-speaking tracts were to be brought under the province of Bihar, the percentage of Mussalmans would still go down. The Orissa Division, as it is, is a drain on the province, and if the Oriya-speaking population in India aspires to a unit, a separate political unit should be created and any attempt to foist them on Bihar should be opposed."

The matter was once agitated in the local Council and a perusal of the proceedings will make it clear that the trend of the debate was in favour of the creation of a separate unit. The Resolution which the Bihar Provincial Muslim League passed is as follows:

"Resolved that the Bihar Provincial Muslim League is strongly opposed to the Resolution to be moved in the Legislative Assembly recommending the amalgamation of the Oriya-speaking tracts with the Orissa Division of the Province of Bihar and Orissa, and requests the Muhammadan Members of the Assembly to oppose the Resolution if moved."

(Hear, hear.)

Mr. B. Das (Orissa Division: Non-Muhammadan): May I ask one question of the Honourable Member? Does the Resolution which my Honourable friend has quoted as being opposed to the amalgamation of the Oriya-speaking tracts give any opinion of the Oriya Mussalmans? Were any Oriya Mussalmans represented?

Maulvi Muhammad Yakub: I understand, Sir, that the population of the Mussalmans in Oriya-speaking tracts is infinitesimally small, they are one or two per cent., and, therefore their views on this subject have no

*Speech not corrected by the Honourable Member.

value; probably they had no chance to express their views. Well, even if the feelings of Mussalmans in Orissa were consulted, I consider it my duty to say that the Mussalman Members of this Assembly cannot support this Resolution. Of course we are not opposed to any general scheme of redistribution of the provinces in India. If a redistribution of Sind takes place, if a redistribution of other provinces in India takes place, if there is a general redistribution of the provinces in India, then we are not opposed to it. But I am sorry that we cannot support this Resolution as it stands. With these words, Sir, I oppose the Resolution.

***Maulvi A. H. Natiq:** When the Honourable Mover has clearly stated that he wants a separate Orissa province, distinct from Bihar, the question of the Honourable Member (Maulvi Muhammad Yakub) does not come in at all.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): Sir, I beg to move the following amendment:

“That for the original Resolution the following be substituted:—

‘That this Assembly recommends to the Governor General in Council that he may be pleased to take early steps to amalgamate all the Oriya-speaking tracts with the present Orissa Division of the Province of Bihar and Orissa.’”

I may at the outset state that we fully sympathise with our brethren in Orissa in their desire that all the areas which are now divided into separate Oriya tracts should be brought under one administration. The object of my amendment is merely to make the original Resolution more specific, and to focus the attention of the House on a definite clear-cut issue. There is no question that opinion is almost unanimous in official as well as non-official circles as to the desirability of amalgamating all the Oriya-speaking tracts under one administration. So far back as 1903 Sir Herbert Risley, who was then the Home Secretary to the Government of India, said as follows:

“The Government of Madras have repeatedly complained of the anxieties imposed upon their administration by the great diversity of languages (Oriya, Tamil, Telugu, Malayalam and Canarese) with which Madras Civilians are called upon to cope, and which render the transfer of officers from one part of the presidency to another a matter in any case of great difficulty, and often of positive detriment to the public interest.”

The Government of India also, Sir, in their letter, dated the 3rd December, 1903, said as follows:

“Such a scheme would solve the question of language once for all. This change would relieve both the Central Provinces and Madras of a troublesome excrescence upon their administrative system; and it would result in handing over the Oriya problem to one Government alone, on a scheme and with the unity that would admit of its being treated with consistency and efficiency.”

Later on, Sir Herbert Risley proposed that the Oriya-speaking tracts should be amalgamated under one administration. The Bengal National Chamber of Commerce also supported this proposal, and in their letter the Bengal Chamber of Commerce made the following observation:

“The Committee do not anticipate that any such change would prejudicially affect mercantile interests.”

• But Lord Amthill, who was then the Governor of Madras, took up a hostile attitude, and the matter was dropped. When Mr. Montagu came out to India in 1917 the Oriya representatives waited in a deputation on—

*Speech not corrected by the Honourable Member.

[Mr. Gaya Prasad Singh.]

him, and a reference to the Oriya problem is made in paragraph 246 of the Report on Constitutional Reforms. Mr. Stanley Rice, I.C.S., wrote a book "Occasional Essays on South Indian Life"; in that book he refers to this problem in the following words:

"Orissa proper lies within the Province of Bengal and the people of Ganjam suffer in that they have been separated from their brethren; they are founding children, alien from the more favoured, because better recognised Dravidian races; alien even in the origin to which their ancestry has been traced."

Again the book says:

"The Oriya of Ganjam labours under two disadvantages. He is very far from Madras, and he inhabits only part of a District. He speaks a language which is spoken in Bengal, but not in any part of the Madras Presidency save Ganjam."

The Durbar despatch of 1911 pointed out:

"Orissa has long felt uneasiness at a possible loss of identity as a distinct community."

"Thus it will be seen that opinion is practically unanimous on the point. This question was brought up, Sir, in the old Imperial Legislative Council on the 20th February, 1920, when a Resolution on the lines of my amendment was moved by Mr. Sachidananda Sinha and supported by the late Mr. Surendranath Banerji; and among other supporters of that Resolution I find the name of the Raja of Kanika, who was then, I understand, the only representative of Orissa on the Council. Among other supporters of that Resolution, I find the name of Haji Chaudhri Muhammad Ismail Khan. I invite the attention of Honourable Members of this House to the remarks of a few representative gentlemen of Orissa itself. This is to be found in the Phillip-Duff Enquiry Report which must be in the hands of many Honourable Members. At page 6 we read as follows:

"The zemindar of Khallikote and Atagada, who is President of the District Board of Ganjam, of the Zemindars' Association of Ganjam and of the Khallikote College, Berhampur, is definitely of opinion that a separate Orissa is financially impracticable, that a union of Orissa with an Andhra province would be distinctly injurious to the Oriyas, and that the immediate amalgamation of the Oriya-speaking tracts of Madras with Orissa is essential for the interests of all classes of Oriyas whether they be zemindars or rayats."

At page 10, again, we read as follows:

"These deputations expressed the views of the enlightened Oriyas of Berhampur and the surrounding area and were unanimous in favour of amalgamation. We gathered that they preferred a separate Orissa province, but were on the whole in favour of union with Bihar and Orissa for the time being in the hope of securing their ultimate object at a later date."

The conclusion of the Commission is as follows:

"Our inquiry has shown that there is a genuine long-standing and deep-seated desire on the part of the educated Oriya classes of the Oriya-speaking tracts of Madras for amalgamation of these tracts with Orissa under one administration. By many we have been informed that it is immaterial whether that administration be Bihar and Orissa, Bengal or Madras."

I will also quote the opinion, Sir, of my Honourable friend Mr. B. Das who has taken a keen interest in this question. He gave a press interview last year. I do not know whether he has changed his opinion, but I hope he

has not. In the course of his interview, which is reported in the *Searchlight* of the 24th January, 1926, he said :

"that he would like to see Orissa remaining with Bihar for another decade till eventually Orissa became a separate province."

We knew our friend, Sir, as an Engineer, and as a politician; but I find that he has blossomed forth into a full-fledged journalist. He is the editor of a paper called *Young Utkal*; and this is what he wrote so late as on the 9th December, 1926 :

"We have advanced no further since 1903 or 1911. Let the Central Government unite the Oriya-speaking tracts under one Government for the present under the Government of Bihar and Orissa and allow the progressive development of the Oriya race unhampered."

Sir, at present, the Oriya-speaking tracts have been scattered over four provinces; a portion is in Midnapore in Bengal, a portion is in Singbhum of Chota Nagpur, Sambalpur and a small portion of Raipur is in the Central Provinces, and a portion in the Ganjam district of the Madras Presidency. There are only two or three alternatives which may be considered by the House. One is to give a separate province all at once, or it may be joined with the present Orissa Division of Bihar and Orissa. If our friends of Orissa want to have a separate province of their own, we in Bihar will not stand in their way, but they must look into the financial aspect of the question also. Orissa is a poor province. It suffers from chronic starvation. Even at the present moment there are signs of starvation in the outlying tracts of the country. If in spite of that my friends want to have all at once a separate province of their own, with its costly paraphernalia of a High Court, University and Secretariat, Bihar will never stand in their way.

Mr. B. Das: Thank you.

Pandit Nilakantha Das: We do not object to being in Bihar. We cannot. You cannot otherwise stand in our way too."

Mr. Gaya Prasad Singh: There is also a suggestion of a Deputy Governor being appointed. Now, Sir, the proposal for a Deputy Governor has been discouraged in the Minority Report of the Muddiman Committee on Constitutional Reforms. For all these reasons, I think it would be safe for my friends to consent to remain for the present with Bihar. Mr. Madhusudan Das, then Minister of Bihar and Orissa, so far back as 1921 made the following observation :

"Jagannath is called the Hindu God, but He is generally known in Orissa among the Pandas and priests of Orissa as Buddha Abatar, as an incarnation, or if I may say so, a deity of the Buddha creed. Buddhism was a religion which did away with caste system and you find an absence of caste rules in Jagannath. There you find a strong affinity between Bihar and Orissa, the like of which is not to be found between any two parts of a province or any two provinces of India."

With these few words, I move my amendment; but I repeat if my friends persist in having a separate province of their own, quite independent of Bihar and Orissa, we shall not object, but will bid them a regretful but nonetheless a cordial farewell.

Mr. President: Amendment moved :

"That for the original Resolution the following be substituted :—

'That this Assembly recommends to the Governor General in Council that he may be pleased to take early steps to amalgamate all the Oriya-speaking tracts with the present Orissa Division of the Province of Bihar and Orissa.'

Dr. B. S. Moonje (Nagpur Division: Non-Muhammadan): Sir, I rise to support the original Resolution of my friend Pandit Nilakantha Das. According to the exigencies of the British conquest in India, fortunately or unfortunately some portions of the Oriya people have been tacked on to the Madras Presidency; other provinces also have suffered similarly. I had personally occasion to go myself to the province, being appointed as an arbitrator by the Congress. I have made enquiries into the matter and I find that the findings that the Committee have arrived at are substantially correct and they represent the opinion prevalent among the people there. I have seen the people there. I have talked with the educated people, with other kinds of people also, and though, I take it, the generality of people do not understand the meaning of remaining in the Madras Presidency or Bihar or any other province, they understand very clearly that all Oriya people should be brought together under one administration, and that is why I rise to support the original proposition of Mr. Nilakantha Das. Mr. Das's proposition is that the Oriya-speaking tracts should be brought under one local administration. It does not say that they should be taken away from Bihar or Madras; it does not say "tack the tracts on to Bengal, to the Central Provinces" or that they should remain with Madras. All it wants is that the Oriya-speaking people should be brought under one administration. It may be under Madras, under Bihar, under Bengal, or under any other province. All that the original Resolution wants is that they should be brought under one administration. Looking at it from the practical point of view, the province of Madras is a very big province, and therefore to bring all the Oriya-speaking people under the administration of Madras is an impracticable proposition. Therefore, that question is ruled out. The question then is, whether the whole of the Oriya-speaking people should be with Bihar or should be with Bengal, or should be made into a separate province. That question Government can decide themselves. If they can find that it would be a financially successful proposal to bring all the Oriya-speaking people together in one separate province, of course it will please everybody; it will please the Oriya-speaking people very much, and also from the linguistic point of view, I think it would be a very safe proposal.

I think it is a very self-evident proposal to bring together one people or people speaking the same language. If that is not possible, if the financial condition of Orissa may not make it a practical proposal, I think from the circumstances of Orissa, their mode of living, their customs and habits, and from the affinity between the two languages of Orissa and Bengal, that it would be more convenient to have Orissa attached to Bengal.

I heard a remark made that no case has been made out to disturb the present arrangement. Perhaps some of my friends may not have read the report that has been published, entitled "Report on Enquiry into attitude of Oriya-speaking population of the Madras Presidency towards amalgamation with other Oriya-speaking tracts." I quote for them from page 12, paragraph 10, which runs as follows:

"There is a deficiency of Oriya officers in superior grades of Magisterial and other services. It has been pointed out that there is at present only one Oriya Deputy Collector in the province, and there are no Oriyas in the superior grades of the Police and Forest Services. Telegu Officers posted as Magistrates, Tahsildars, etc., in Oriya-speaking tracts very frequently do not know Oriya and the quality of their work thereby suffers and Oriyas are put to much inconvenience, even where the Court language has been officially declared to be Oriya."

Other samples of grievances also are mentioned, as for instance :

"In spite of orders to increase the number of Oriya ministerial officers, there is still a vast preponderance of Telegu clerks in all Government offices in the Ganjam district.

Notices and summonses, even when printed in Oriya, are frequently filled up in the Telegu language, which is not understood by the people. Many instances of this were shown to us."

Those who care to read this book will find several other samples of grievances.

I therefore beg to support the Resolution of my friend, Mr. Nilakantha Das.

Mr. C. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I rise to move:

"That for the original Resolution the following be substituted . . ."

The Honourable Sir Alexander Muddiman (Home Member): Sir, I rise on a point of order.

Mr. President: The Honourable Member should confine himself to the Resolution and the amendment already moved. He knows perfectly well that his own amendment which is on the paper, is out of order. He should, therefore, confine himself to the original Resolution and amendment already moved.

Mr. C. S. Ranga Iyer: Sir, I bow to the ruling of the Chair and shall speak to the original Resolution.

My friend, Mr. Nilakantha Das, has my full support. It is a well understood fact that in the matter of a constitution the importance of the language question cannot be disputed. His demand is that the Oriya-speaking provinces should be constituted into a separate province. This fact has been in the minds of almost all constitutionalists, everyone, whether appointed by Government or an outside agency, who has gone into the question. The latest authority—at any rate supposed to be an authority—who was last to go into the question of the constitution of India, Sir Frederick Whyte,—has a passage in his book about provincial autonomy and languages. I look forward to the Government immediately constituting the Oriya-speaking tracts into a separate province, so that it may be a happy harbinger of the policy of reconstituting the Provinces on a linguistic basis as commended by the Congress. Sir, Mr. Lionel Curtis, who is supposed to be the author of the Montagu Reforms (Laughter)—I know for a fact that he was the brain of the Montagu Reforms,—in the book that he wrote, "Letters to the People of India on Responsible Government", has made a very strong case for the redistribution of provinces. He repudiates the present arrangement of provinces. This is what Mr. Lionel Curtis says, and his statement very strongly supports the case of Mr. Nilakantha Das:

"The areas and administrative mechanism developed by a system of paternal government, (i.e., the present government) are utterly different from those developed by a system of popular government (for which the Reforms are supposed to stand). When introducing responsible government in a great country which has never had it before you must be prepared to revise your areas (the Resolution of my friend calls upon the Government to revise the present areas of the provinces of Bihar and Orissa) and to re-construct your administrative system.

As every practical man knows, popular prejudice is always a factor which has to be considered in political arrangements."

[Mr. C. S. Ranga Iyer.]

And "popular prejudice" in the present case favours the mover of the Resolution. Further on Mr. Curtis says:

"The duty of statesmen is to think out the plan which is right in itself, to state that plan clearly and boldly, and then guide the community towards it as closely as popular prejudice will allow, not failing to appeal to their innate sense of trusteeship for those who come after them."

Sir, it is a well understood fact that without this separation it is very difficult to have any federal form of self-government. Lord Birkenhead has said that the American constitution would admirably suit India. I therefore think that Government can very well make an experiment by creating a small province like that of Orissa. What did they do in America? They divided the country into small provinces. I shall read to you an authority you cannot dispute:

"In all great communities the political field is, or ought to be, divided between one central government and a number of provincial governments. There are various reasons for this, which can best be explained by keeping in mind the United States. Congress at Washington could not pass all the measures required by the different parts of that vast and varied community. It would break down for want of time, and its measures would not be sufficiently adapted to the needs of the various local communities. We cannot imagine one law and system of education for the whole of America. And if we could, its administration from one centre would be too rigid. Areas so far removed as California and New York need different systems, adapted to their local conditions and administered in response to the feelings of each community. Apart from this an educational system, administered from Washington for all America, would be too vast for any one authority to control."

Further on he says:

"Some light will be thrown on the question by a glance at the map of North America as it existed in the middle of the eighteenth century. Its soil was then divided between three Great Empires, which all centred in Europe. Spain claimed to administer, as one huge province, all the territories now covered by Mexico, California, Arizona, New Mexico, Texas, Alabama and Florida. Similarly France claimed a vast triangular territory, of which the north-eastern angle was opposite Newfoundland, the north-western angle near Winnipeg, and the southern angle at the mouth of the Mississippi in the Gulf of Mexico. England claimed a much smaller area, the coast strip extending from the boundary which now divides New Brunswick and Maine to the northern boundary of Florida."

I will ask the Honourable gentlemen on the other side to read Mr. Lionel Curtis' book or some other historical survey and improve their knowledge of the subject. (Laughter.)

Mr. N. M. Joshi (Nominated: Labour Interests): May I ask where is the reference to language in this passage?

Mr. C. S. Ranga Iyer: I am sure Mr. Joshi was not putting a serious question; the Spanish people were not talking the language of Englishmen, the French people were not talking the language of the English people. I hope Mr. Joshi is satisfied.

The Honourable Sir Alexander Muddiman: Sir, when I listened to the last speaker I had the feeling that he was moving the amendment you had disallowed, but of course that could not be the case. (Laughter.) I will say no more about the last speaker.

Sir, the Honourable the Mover of the Resolution made one observation that gave me serious cause to think. He said, and I have no doubt he said it with great truth, that when he first came to this House he

was asked by several of his fellow Members where Orissa was. That, Sir, seems to indicate to me some of the difficulties which a House composed as this is has in dealing with a problem which is very largely a local problem between the Governments around Orissa, and also which would be discussed in local assemblies by people with far greater local knowledge than people in this House can claim. I make those observations because I am distinctly of opinion that when Government has to choose between the numerous conflicting views as to the fate of Orissa it should be after it has considered the discussions in the local Legislative Councils. Now, Sir, I do not suffer from the disability that some of the Members of the House do because I have visited Orissa on several occasions, three I think, and I have quite recently been in Orissa, and I entirely agree with the remarks of my Honourable friend as to the distinctive civilization and the wonderful memorials of that country, which contains some of the temples most revered by the Hindu community. I too, Sir, have visited the great temple of Bhubaneswar, I have seen the cave temples which are close to it, and I have also visited the great Sun Temple, that remarkable architectural production at Kanarak. No one who visits Orissa can fail to be struck with the interesting nature of the country and the distinctive civilization which exists there. On all these points I am at one with my Honourable friend. But, Sir, admitting and sympathising as I do with the undoubted feeling that exists in Orissa, which seeks for some more definite unions of the Oriya-speaking peoples as an emblem to express their racial pride, it must be largely a matter for consideration what are the practical propositions which are open to give effect to their wishes. When I was at Cuttack and again when I was at Puri I talked to many educated Oriyas, and whether it is deep or not, there is no doubt that there is a wide feeling that they would like some change in the present administration to give effect to such a union. My Honourable friend Pandit Nilakantha Das has made one point which I should like myself to make very clear. What most educated Oriyas look forward to is not being tied to some other province, but some form of administration where they will be masters in their own house. They do not, as I understand it, really attach very much importance to the transfer of these few pargannas in the Ganjam district to Orissa, except as a preliminary step, and a step which they hope will carry them to some form of independent existence. They would no doubt be content with that transfer as a first step, but that is not, as my Honourable friend made quite clear in his speech, what their ultimate intention is. That, Sir, is a very important point because, if that is the real intention, then the transfer of these pargannas acquires much less importance, because their mere transfer would not satisfy the wishes of a considerable number of those who are concerned with the present request. Considered in any other light the transfer of these pargannas therefore would have to be justified not in pursuance of the general aim of Orissa as a separate country, but merely as a question of administrative advantage one way or the other.

Now, my Honourable friend has also made a very great number of alternative suggestions. First of all he would prefer to be on his own. Next he would prefer to go to the Central Provinces. Well, Sir, I have never heard that put forward before as an Orissa demand. I have heard many requests, but not that particular one; but my Honourable friend is quite right, there is a historical precedent for it. When Mr Singh.

[Sir Alexander Muddiman.]

Akhar's General, annexed Orissa to the Mogul Empire, he placed it under a separate Governor, and later on in 1751, it was ceded to the Nagpur Mahrattas who ruled it on a system which was, I understood, somewhat painful to the subjects. It is not a precedent which I fancy is appreciated in Orissa, nor is there any desire that the Mahratta rule should be restored in Orissa, but my Honourable friend is right to this extent that it was then—and I think that is the only precedent I can find—a part of what is now the Central Provinces. However, I noticed with some interest that Dr. Moonje, who I understand comes from the Central Provinces, is apparently not anxious to have Orissa. Next in order of merit my Honourable friend would like to be transferred to Bengal. We have not had the advantage yet of a speaker from Bengal, but we shall probably know then how Bengal would like it. Last of all, if it cannot be transferred anywhere else it is to Bihar that this United Orissa would go. But my Honourable friend Mr. Gaya Prasad Singh cannot, I am afraid, get much consolation from that, because it is very much the last choice. Well, Sir, a question of this kind must obviously receive very careful consideration in regard to its administrative and financial aspects. My Honourable friend Mr. Gaya Prasad Singh has doubtless satisfied himself that the transfer of a larger tract of Orissa country to Bihar is likely to be profitable to him. If so, Sir, he is more fortunate than the Government of that province, who make it one of the conditions of agreeing to the transfer of these taluks from Ganjam that they shall be financially solvent and of this they are not convinced. I do not know whether my Honourable friend would alter his view if he found they were not, but I fancy when he came to see his constituents they might desire his views to be expressed with more caution on that point. Again any question of constituting Orissa as a separate administration would obviously require most careful consideration from the financial point of view. Those of you who know Orissa know it is a tract very liable to flood, very liable to catastrophies and in the ordinary way not, I am informed by the Bihar Government, a very profitable portion of their dominions. Without taking into consideration anything else, and leaving out the overhead charges, the expenditure is hardly met by the revenue derived from the present districts of Orissa. The Bihar Government do not conceal the fact that they would regard any further demands on their other provincial revenues by additional territory as a good reason for objecting to such a transfer. If, as my Honourable friend contemplates, he formed his administration without a High Court and without a University, I conclude that he would probably desire to retain the services of some High Court and some University at any rate in part—that is to say, Orissa would have to pay a portion of the charges both of a High Court and of a University, and that would be a serious burden on the Orissa we know of at present. But, Sir, I do not wish the House to think that in putting forward the difficulties of the case we do not appreciate that there are difficulties which the Oriya-speaking people suffer under at present. It is perfectly true that it must be a matter of very considerable difficulty—and I was much struck by it when I was in Cuttack—for Oriyas to go to Patna and prefer their appeals to the High Court there, where most of the pleaders are unacquainted with Oriya and where their surroundings are strange and where they do not know the language. We have done a considerable amount by setting up a circuit court of the High Court which

sits at Cuttack from time to time, but one complaint that was certainly made to me when I was down there was that the occasional presence of Judges in that place is not the same thing as having a High Court which is readily accessible. Dr. Moonje I think it was who pointed out very pertinently that to take Oriyas to Madras was impossible. I was on the other hand much struck by the fact of the great distance of those cutlying talukas of Ganjam from Madras, and I cannot doubt Oriyas suffer a certain amount of disadvantage from that fact. Also although it is true that improvements have been made in communications between the centre of the Bihar and Orissa Government and Orissa, even now they leave much to be desired; and we cannot deny that it is a hardship for Oriyas to get their education from Patna University and their justice from the Patna High Court. I do not desire in the least to minimise the position; but, on the other hand, we have to come down to practical politics. I think we must reject for the moment any idea of a separate administration for Orissa and the question really to be decided is as to what we can do in the way of smaller modifications. The position now is that we have consulted the Government of Madras, the Government of the Central Provinces and the Government of Bihar and Orissa. Madras desire very much to retain the existing position because they recognise that in the tracts concerned if they benefit the Oriyas they may harm the Telugus who inhabit in considerable numbers those tracts. The Central Provinces, curiously enough like Dr. Moonje, have no desire to add any Oriyas to their territory nor any desire to cede any of the territory which is now in a certain degree populated by Oriyas . . .

Dr. B. S. Moonje: I am quite disinterested in the matter.

The Honourable Sir Alexander Muddiman: I am very glad to see that the Local Government and the Honourable Member in this matter seem to be more or less at one. Bihar and Orissa have a somewhat limited affection for the Oriya talukas of the Ganjam district. They discussed the matter but, like careful housekeepers, they want to know how much the new guests are going to eat. So we asked for figures, as far as possible, to clear up that point. Those figures were supplied and are at present under the consideration of the Government of Bihar and Orissa, and I gather from their communications to me that they find some difficulty in ascertaining the actual facts and of course it is always a matter of difficulty to find what are the financial facts about a particular block of territory which is very much less than a whole district. However, the Bihar and Orissa Government make it perfectly clear that they would not take on willingly the Oriya talukas of Ganjam unless they were satisfied it was financially a sound proposition. They also make it clear that they would desire—and here I think my Honourable friend who spoke in the name but only in the name of the Muhammadans of Bihar will agree—they would desire before they came to any final conclusion that the matter should be re-discussed in the new Bihar and Orissa Legislative Council. And they also suggest it should be re-discussed in the Madras Council, or rather discussed for I do not think there ever has been any discussion in Madras on that point.

Well, Sir, that is the position. Government are engaged with Local Governments in seeing what can be done. They are engaged in examining the administrative aspects of the case. They do feel that there are

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certain disabilities under which Oriyas suffer. How far they are susceptible of merely administrative correction is at present doubtful. They feel, moreover, that, apart from that, Oriyas have a natural pride in their beautiful country, that Oriyas have a natural pride in their ancient civilisation, and that, in so far as that is compatible with the other requirements of the position consideration should be given to that natural sentiment. That, Sir, is the view of the Government on this Resolution.

Mr. B. Das: Sir, I appreciate very much the eulogistic terms in which the Honourable the Home Member has spoken of the past glories of my country. Sir, I may also observe here that the Oriya public appreciated very much the visit of the Honourable the Home Member during last November to Orissa. Some of us took that opportunity to wait on him in a deputation to discuss this very vital problem, so vital to the Oriya race, and the Honourable the Home Member at the time pointed out the financial aspects of the question that may have to be faced if amalgamation with Bihar were to be attained. At the very time the Governor of Bihar also delivered a speech at a Durbar in Cuttack where he mentioned:

"The decision does not rest with this Government and correspondence is still in progress; so I can say nothing definite except that if the verdict is that this Province should undertake these additional responsibilities and that course commends itself to the Legislative Council (since important financial considerations are involved), we shall not demur."

The Honourable the Home Member has just now referred to the views of the Bihar Government and said that they do demur to the financial aspect of the case. Sir, in 1920 Sir William Vincent, while he was Home Member, assured the former Imperial Legislative Council on behalf of the Government of India in these words:

"I am quite prepared, however, if I can secure the sanction of His Excellency in Council to this course, to have a full investigation of the facts to ascertain the views of the Local Governments and prepare such materials for the use of the new Governments as may assist them in arriving at a just decision in this matter."

This was in the Imperial Council. Since then the Government of India had appointed the Phillip-Duff Commission and that led to the correspondence which the Honourable the Home Member mentioned to ascertain the views of the provincial Governments.

Sir, if I were to follow my own personal inclination I would rather support and vote for the Resolution of my Honourable friend Pandit Nilakantha Das. But for the last three or four years I have been taking part in the political problems of my province. I have gone into this problem very thoroughly; and I have seen the difficulties which will face the Government if we press immediately for a separate administration for Orissa or even for that ephemeral thing described in the Montagu-Chelmsford Report as a "sub-province." For the present, therefore, in my own opinion I have no alternative but to support the amendment moved by my friend Mr. Gaya Prasad Singh. Thereby the Government of Bihar and Orissa do not commit themselves to any financial burden. As matters stand, the former Orissa Division in the province of Bihar and Orissa is at present divided into two divisions and one has been made into a political division and we incidentally find that one of the British districts of Orissa, the district of Angul, is placed in that political division.

There will be another Resolution on the subject in this House later on this day and we can then discuss why a British district has been so placed under a Political Agent. But thereby the task of the Commissioner of Orissa has been very much lightened as he is at present in charge only of four districts in Orissa. If the Ganjam and Vizagapatam districts are transferred from the Madras Presidency, and the Contai sub-division, a part of the Midnapore district which we claim as Oriya-speaking tracts in the Midnapore Division is transferred from Bengal, and the Phuljhar, Khariar, Padmapur and Malkhorda sub-divisions from the Central Provinces are transferred to the Orissa Division, including a portion of the Chaibassa district of the Chota Nagpur Division, then the Commissioner of Orissa will not be at all overworked; he will find sufficient work for himself. At the same time, it will not involve any additional financial burden on the Government of Bihar and Orissa. While we are discussing this problem, I would take the opportunity of suggesting to the Honourable the Home Member what was suggested to him at Cuttack by our deputation, namely, that if the financial position is to be determined, why should the Central Government not appoint a small committee consisting of some Government officials and some representatives of Bihar and Orissa, which could go into the question thoroughly. I am quite emphatic that the present proposition that I have submitted now (before the House) will not put any additional financial burden on the Government of Bihar and Orissa.

I must take exception, Sir, to one observation of my friend, Maulvi Muhammad Yakub. Although the Bihar Muslim League passed that Resolution and sent it to Mr Yakub here, they discussed the attitude of the Bihar Moslems only. No Oriya Muslim was or could have been present at that meeting or could have assented to such a proposition. They never took into consideration all the problems that have been facing the Oriyas since the day we came under the British Government,—since 1803. Since 1903 our agitation has become more vocal and the Honourable the Home Member is fully aware of it. I may just tell my Honourable friend Maulvi Muhammad Yakub that in 1921 when a Resolution to that effect was passed in the Bihar and Orissa Council, two Muslim Members spoke on the subject; one Mr. Majid who comes from Orissa strongly supported the Resolution for the amalgamation of the Oriya-speaking tracts . . .

Maulvi Muhammad Yakub: Was he the same gentleman who was a member of the Swaraj Party in the last Assembly?

Mr. B. Das: No.

Mr. Jamnadas M. Mehta (Bombay City Non-Muhammadan Urban): Is he on your brain or what?

Pandit Nilakantha Das: He is a Khan Bahadur and was an officer of the Government.

Mr. B. Das: The other was my friend, Mr. Yunus; and supporting the Resolution he said in the Bihar Council:

"While I support this Resolution, Sir, I wish to assure my Oriya friends that it is not because I have any desire that we Biharis should part from our Oriya friends."

Sir, five years ago there was no question of Hindu and Muslim in Bihar and Orissa. I do not know whether Mr. Yunus is a member of the Bihar Muslim League; but I would be surprised whether such a wise politician as Mr. Yunus will change his mind now and whether he would not support it with the same vigour. I am glad to know that he said "We

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Biharis will support our Oriya friends." There was then no question of Hindu-Moslem differences in Bihar and I believe there will be no such question in Bihar and Orissa—though there might be communal differences in other provinces.

Sir, the problem of a separate administration for Orissa is a much more difficult one; and even if this House were to pass the amendment of my friend Mr. Ranga Iyer which has just been ruled out of order in the shape of a Resolution, it would probably be a matter of decades to give effect to the same. And in my own opinion, even a Resolution of this House cannot bring about such radical changes unless there is a separate Commission that goes thoroughly into the problem. That might take another twenty-five years in spite of Mr. Lionel Curtis' special advice to the Government on its advantages. Redistribution of provinces on a linguistic basis may not satisfy other races in India. The people of Orissa will be quite satisfied to be separated on a linguistic basis; but at present that is not the subject matter of our discussion. Nobody knows it more thoroughly than the Honourable the Home Member, for his long connection with the old Government of Bengal and Bihar and Orissa and thereafter with the Central Government would have enabled him to know how we Oriyas were made a catspaw in the hands of different Viceroys and how against our own will we were transferred and tied to the tail end of Bihar and found ourselves there. We were then given hopes of various things; we were promised sea-ports and a one-third interest in the Province. Those promises stand unfulfilled. I have mentioned elsewhere, on public platforms and I mention also here that the present Bihar and Orissa Government are constituted mostly of officials who came from the Province of Eastern Bengal, who never knew the long contention and agitation that the people of Orissa carried on to have a separate province. These officials have shown little respect to the traditions and peculiar situation of my race. If my Honourable friend the Home Member had had his own way, he would have seen us in 1912 constituted as a separate province, as Assam was. But unfortunately the Bihar people had to be satisfied; the sentiment of the whole Bengali nation was against the partition of Bengal; they were to be united; so the Oriyas were made scape-goats and sacrificed for the Biharis. And what have we got to-day? I have my best friends among Biharis. But the capital of Bihar, Patna, is 600 miles away from Cuttack, the capital of Orissa. The administration of Bihar and Orissa have little time to see into the conditions of Orissa; and therefore Mr. M. S. Das, an ex-Minister of that province, wrote a note which was submitted before the Muddiman Committee on Reforms, where he mentioned that Orissa should be *separately and specially treated*. These arguments must have weighed with the authors of the Montagu-Chelmsford Report when they suggested the formation of a sub-province for Orissa:

"I beg to suggest that a separate Minister should be appointed for Orissa. He will have control over all transferred subjects. It will be necessary to have two Ministers for Bihar; if that is found necessary an additional post should be created." The Bihar Government in their letter addressed to the Government of India and to the Muddiman Committee commented as follows:

"Special treatment for Orissa:—Mr. Das considers that Orissa should always have a special Minister of its own, apparently to be in charge of all transferred subjects in Orissa. The point does not arise in the present connection, but section 52A (1) of the Act provides for placing part of a Governor's province under the administration of a Deputy Governor. It appears to be a question of administrative convenience and financial expediency rather than one connected with the general working of the Government of India Act."

Mr. Das suggested only very minor administrative changes in Orissa. The Bihar Government in submitting their views before the Muddiman Committee said that this could be done without amending the Government of India Act, but the Bihar Government have done nothing in the matter. They have appointed since then Ministers from among Members in their own Council who have no connection with Orissa. The Bihar Government re-appointed their old Ministers who have no popular following save the Government block just to save trouble from the non-official majority, and they took no steps to appoint anybody from Orissa, and this has been a long-standing demand of the Oriyas that their interests are being neglected and sacrificed. Since then the Governor of the Punjab has seen his way to appoint a third Minister and an extra Minister, a Muslim Minister, purely on communal lines. In Bihar and Orissa there is not the least sign of communalism. When my friend Mr. Gaya Prasad Singh mooted the question of Buddhist Bihar and the Jagannathites of Orissa, I agree with him. The similarity ends there. I may say the two races, the Hindi-speaking race of Bihar, and the Oriya-speaking race of Orissa have nothing else in common except their high spiritual tradition. The culture and civilisation of Orissa is quite different. Therefore, Sir, I submit that all the Oriya-speaking people must be united, and later on when conditions permit, Orissa can be made into a separate province. I suggest that the Honourable the Home Member will see his way to appoint a small Committee to go into the financial burden that may be thrown on the Government of Bihar and Orissa.

I do not think it will be necessary to move again separate Resolutions in the provincial Legislative Councils of Bihar and Orissa or the Central Provinces or Madras for the amalgamation of any portion of the Oriya-speaking tracts with natural Orissa. Already in 1921 under the new reformed administration the Bihar and Orissa Council had passed such a Resolution. In Madras where there are few Oriya councillors, they find themselves at a disadvantage; they get very little sympathy from the non-official Members of the Madras Council and even from that Government and the reason is well known. Orissa, Sir, would have been a separate province if Lord Amthill was not promoted to act for Lord Curzon as Viceroy of India in 1905 or 1906. What did Lord Curzon himself say in the House of Lords in 1911? Of course he was talking about the partition of Bengal, but that does not matter. Referring to the Oriya-speaking people, Lord Curzon said:

"If the Oriyas were an agitating people, which they are not, they would soon make their protest heard. As it is, they have been sacrificed without compunction."

Well, Sir, this is the opinion of an ex-Viceroy of India who was a very bold Viceroy. We were sacrificed without compunction not by that Viceroy but by the Governor of Madras who was then acting as Viceroy for six months.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): In Madras we had an Oriya Minister.

Mr. B. Das: My friend Mr. Duraiswamy Aiyangar tells me that in Madras they had an Oriya Minister. If he refers to Sir Parashuram Patro. I deny on the floor of this House that he is an Oriya. The deputation that waited on the Home Member at Cuttack took the opportunity to show a photograph to the Honourable the Home Member that Sir Parashuram Patro once used to attend the conference of the Oriya nation. I mean the

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Utkal Union Conference, which is of 28 years standing and which has been all along agitating for the amalgamation of all the Oriya-speaking tracts. But since then Sir Parashuram Patro who speaks two languages, Telugu and Oriya, has become a pucca Telugu and not an Oriya. There may be records, Sir, in the office of the Home Department to show that there is a strong agitation that Sir Parashuram Patro is leading against the amalgamation of the Oriya-speaking tracts of the Madras Presidency with Orissa. I appeal to this House and to the Honourable the Home Member that no consideration should be given to the opinion of an ex-Minister who belongs to a different race and whose self-interest will be affected if those districts are amalgamated with the main body of Orissa. I would therefore again appeal to the Government not to ask the provincial Councils to move or pass further Resolutions on this subject. As far as I have been able to study the Government of India Act,—and I have ascertained the views of popular representatives, as well,—I see all the conditions required by the Act have been fulfilled. At present, it is entirely in the hands of the Government of India to take out portions of particular districts and to amalgamate them with the Orissa Division. That is all, Sir, that I ask Government to do.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadian Rural): Sir, I beg to lend my whole-hearted support to the Resolution that has just been moved by my friend Pandit Nilakantha Das. Sir, I have also read the amendment that has been put forward by my friend Mr. Gaya Prasad Singh. Mr. Das's original Resolution asks only to bring the whole of the Oriya-speaking people under one administration. I do not see why my friend from Bihar should have been so eager as to have an amendment like that. I really do not see why the Biharis should be so eager as to have another province tacked on to them

Mr. Gaya Prasad Singh: Were not Bengalis eager to have Bihar with them?

Mr. Amar Nath Dutt: It was the British administrator who wanted to tack on Bihar to Bengal, and Bengal never asked for it.

My friends from Bihar want to say that it will be to the advantage of the Oriya-speaking people to be tacked on to Bihar for some time. There is a popular adage in Bengal that "One who loves more than a mother is a witch". Here is a representative from Orissa speaking on behalf of the people of his province while a representative of the province of Bihar wants to have the province of Orissa tacked on to his own province for the benefit of Orissa. Even British administrators did not do away with the name of Orissa, when giving the two provinces

a name. Be that as it may I beg to submit that that question
1 P.M. does not arise. I am also sorry, Sir, that an unhappy communal note has been raised here and I will not deal with it, but I may say that none of the Orissa Muhammadans have sent in any representation here or elsewhere to anybody that they should be kept with Bihar. That is my answer to that. Then, Sir, I also know that it is a part of the larger question of redistribution of provinces on a linguistic basis, but, Sir, these minor administrative changes can be effected within the present Government of India Act, and I was sorry to learn that the Honourable the Home Member who is not here now

(The Honourable the Home Member rose from a back Bench.)
(Laughter.)

He has changed his place and I did not notice that he had gone into the back Benches. He has said that these Resolutions ought to be moved in the provincial Councils. I may point out at once to him the disadvantages of my Oriya friends in this respect. They are in a minority everywhere, in the Presidency of Madras, in the province of Bihar, in the Central Provinces and also, if the Midnapore district is taken into account, in Bengal. And they being in a minority, as we know that the love of the witch is greater than the love of the mother, our brothers in other provinces will not allow such Resolutions to be passed. I do not know whether the Honourable the Home Member took into account this aspect of the question. My shrewd suspicion is that he probably thought that instead of denying the Oriyas their inherent right to be under a separate administration, which cannot be denied, shelter can be had under the plea that these Resolutions should be moved in provincial Councils in which they would not be carried. Under such circumstances I would request him to consider the opinions of the representatives of the province who are present here to-day and who have voiced the opinion of their own people in no unmistakable language. Then, Sir, of course certain passages have been quoted about the affinities of the Biharis with the Oriyas. I am not going to deal with all these things. It is for my friend the Mover of the Resolution to refute that if he thinks necessary, but so far as I know the Biharis have no affinity with the Oriyas; rather they have some affinity with the Bengalis though I would not on that account claim to have them with us if they did not like it. With these few words I beg to support the Resolution of my friend Pandit Nilakantha Das.

Pandit Dwarka Prasad Misra (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I have no mind to prolong the debate but for the speech of my Honourable friend Dr. Moonje here. I am glad that he has supported the Resolution, but, Sir, I want to point out to the Honourable the Home Member that we, the Hindi-speaking people of the Central Provinces, are not as willing to give up the so called territories of the Oriyas as my friend Dr. Moonje is. My Honourable friend Mr. B. Das has just pointed out that Phuljhar and Khariar must be transferred to Orissa. These tracts are, Sir, in my constituency, the Raipur District, and therefore, I take it to be my duty to express the opinion of the people there. We would be very glad if our Oriya friends could be constituted into a separate province. Having ourselves suffered, in the company of our Mahratta friends in the Central Provinces, I can quite realize the feelings of my Oriya brethren in being tagged on to the province of Bihar. But at the same time the just self-interest of my constituents makes me say that I am not willing that Phuljhar and Khariar should be taken away from the Central Provinces. They are claimed by my friends as Oriya-speaking tracts, but I may tell them that there is a sub-dialect called Laria in the Chhattisgarh Division and this Laria is only slightly allied to the Oriya language and is closely related to Hindi. There is a great difference between the two races. The Laria-speaking people come from the same stock as Hindi people of the Central Provinces and have no affinity with the Oriyas. The question whether the people included in these districts are Oriyas or Hindustania was only recently

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discussed in an article of our weekly paper the *Hitavada* published in Nagpur. Therefore, Sir, though I am here to lend my support to this Resolution, it is a qualified support. It was clear from the Honourable the Home Member's speech that the discussion is not an academic one and that the three Governments of the Central Provinces, Madras, and Bihar and Orissa are now considering the matter, and I hope, Sir, that, when this matter comes up for thorough investigation, this view will be taken into account.

Mr. Varahagiri Venkata Jogiah (Ganjam cum 'Vizagapatam' Non-Muhammadian Rural). Sir, coming as I do from Ganjam, I thought I should say a word on the subject, as the population of Ganjam has a large proportion of Oriyas. So far as my view is concerned, I support the division of provinces on a linguistic basis, but I must admit that, in this matter, I do not represent the whole of my constituency. There is a large section in Ganjam and a small section in Vizagapatam which strongly opposes the excision of Ganjam or portions of Ganjam and Vizagapatam from the Madras Presidency and their transfer to Orissa. They base their argument, among others, on the fact that Ganjam and Vizagapatam, along with Orissa formed an integral part of the Northern Circars which had been within the limits of what was called Kalinga Desa for over 3½ centuries and they say that a prescription of 3½ centuries cannot be broken unless a very strong case is made out. The other side, no doubt, says that historical conditions should not be of much value in a case of this nature. Whatever the reasons be, there is no doubt that the question of division of areas on a linguistic basis has been before the public for the last quarter of a century, and in the conferences of the Andhras, Utkals and Kanarese, it has, over and over again, been resolved that there should be territorial redistribution of provinces on the basis of language. There were no doubt protests from the people in the bi-lingual districts in which the different races intermingled. The Indian National Congress approved of this principle and Resolutions were passed in the Assembly approving of the same. Speaking for myself I was a party to some of these Resolutions. I wrote to the press and I gave a statement before the Phillip-Duff Committee approving of the idea of division on a linguistic basis. So that I am prepared to agree to the Resolution of my Honourable friend Mr. Nilakantha Das that the Oriyas should have a province of their own, but that province I say must include all the Oriya-speaking people and not merely some tracts. I cannot agree to Oriyas being truncated.

As regards the amendment moved by my Honourable friend Mr. Gaya Prasad Singh, I strongly oppose it. In case the Oriyas cannot, for any reason, get a Province for themselves but should be under a major administration as a sub-province or otherwise, then I say it is not Bihar but Madras that has the undoubted right of having it under its administration. It is said that if Orissa is tacked on to Madras, the province will be very large and may become unwieldy. If an Andhra Province is carved out of the Madras Presidency then it would not be as large as the Madras Presidency and the re-addition of the Oriya-speaking tracts thereto will not at all make it large or unwieldy. Orissa once formed an integral part of the Northern Circars, which, as has already been said, formed part of Kalinga Desa which extended from the mouths of the Ganges to the River Kistna, with its capital at Calingapatam in the District of Ganjam.

In pre-historic times, in the days of Hindu sovereignty, under Moslem rule, during the short-lived French supremacy and even under the British rule for sometime Orissa formed part of the Northern Circars of the Madras Presidency. As I said, if a separate and independent province is formed for the Oriyas, it is well and good, and I have no objection; but if it is to be joined on to any province, I say, it must be to Madras and no other province. It has been said that there are already several languages spoken in Madras, and there will be administrative difficulties. The best judges in this matter are the Madras Government. They never complained of the diversity of languages, but repeatedly stated that they found no difficulty. On the other hand we find young Civilians coming to our Presidency learning Oriya and other languages and coping successfully the diversity of languages. I therefore support the proposition and oppose the amendment.

Kumar Ganganand Sinha (Bhagapur, Poona and the Santhal Parganas : Non-Muhammadian): Sir, after hearing the Mover of the Resolution and the Mover of this amendment I fail to see what difference there really is between the original Resolution and the amendment that has been put. Both of these Honourable gentlemen from Muzaffarpur and from Orissa agree that they for the time being do not object to Orissa being joined to Bihar. What would happen in future is a question of time and that has to be settled by time and by circumstances. The Honourable the Home Member has made it quite plain that financially it is not a sound proposition now. We can know by inquiry what will be the fate of Orissa on the amalgamation of the Oriya-speaking tracts. I would only request him to expedite the inquiry and to publish a statement for the information of the public showing the difficulties if any, that stand in the way of such an administration. The jarring note that was sounded in the course of this debate was from an Honourable Member from the United Provinces. I am sorry that there is no Honourable Member from Bihar representing the Muhammadan community here—to-day. I hope, if any of them had been here, he would have stood up and repudiated the statements of Maulvi Muhammad Yakub who tried to throw an apple of discord in the House. I am glad that no Honourable Member here took much notice of it, and I submit, Sir, that it deserves to be ignored. We in Bihar have had many occasions when communal matters have been discussed; even during the last election these matters were settled. And how did we settle them? We settled them by conferences and negotiations, not by promoting differences, and I may only reply to the Honourable Member that the two communities in Bihar know how to accommodate each other, and there is no use spreading the contagion further into that province.

Nawab Sir Sahibzada Abdul Qalyum (North-West Frontier Province : Nominated Non-Official): What about the election speeches, please, all over the country?

Kumar Ganganand Sinha: The Honourable gentleman, I am sure, had not had to make any speech; he might leave it to the good sense of the Mussalmans of Bihar. Sir, I do not think the discussions in the various Provincial Councils, as suggested by the Honourable the Home Member, will improve the situation to any appreciable extent, although I think that they may prove profitable in certain respects. I think that the original Resolution, as moved by Pandit Nilakantha Das, is wide and elastic enough, and I lend my support to that motion.

Nawab Sir Sahibzada Abdul Qaiyum: Sir, I am glad that I have at last caught your eye. You have of course to see to the best interests of the debate and allow only those who can speak more intelligently on the subject, but I can assure you, Sir, that I am only a casual speaker and shall always be very brief and will never tax the patience of the House.

The adjustment of the provinces in India, Sir, is a question in which I am a bit interested. It is a very important question. The efficiency of administration largely depends on the formation of provinces. A good deal of what I thought of submitting to the House has already been said by the speakers who preceded me, and I have not got much to say. A good many reasons have been advanced in support of the formation of Orissa into a separate Province—a new Province, by the readjustment of other Provinces, that is the transfer of divisions from one Province to the other. As far as I could follow the reasons in the debate, I think they were either reasons of races and communities or linguistic reasons, and very little was said about administrative reasons or conveniences though that was also alluded to by one or two of the speakers. Well, Sir, as regards the question of races I fully sympathise with the sentiments of the Mover of the Resolution, but that question is a very complicated one; and, as we all know that the present day India is composed of a vast number of races I do not know where we should be if we were to follow the formation of provinces according to the different races inhabiting the country. (Hear, hear.) That question ought not to come in as the sole reason for the formation of a Province, if we were claiming to be one nation. Sir, however opposed I personally may be to that belief, still we all claim to be one nation,—one nation under the Indian Empire; and if the race question is done away with as the chief reason, we shall have saved a good deal.

As regards the linguistic question, Sir, I do not know how even that can be introduced as a principle for the formation of provinces. The languages of India are also innumerable. There are dialects, there are languages, written and spoken, and to my knowledge we have not yet arrived at a stage when we can say that such and such languages are to be recognised as the languages of the various communities living in this vast Empire. There was some idea of recognising a *lingua franca* for the whole of India, but even there we could not be united. While some were trying to support the old Urdu which took its birth for some similar reasons as are now existing in India, there were others who would like to revive the old Hindu languages and dialects of the country.

Pandit Dwarka Prasad Misra: Is the Honourable Member speaking on the Resolution or opposing the amendment of Mr. Ranga Iyer, which has been disallowed by you, Sir?

Nawab Sir Sahibzada Abdul Qaiyum: Sir, I expect these interruptions, very often, when I do speak, because a fresher to a debate is likely to be confused by these interruptions. The language basis cannot, I think, be very seriously considered, because the other day I was reading in a paper that a member of the Madras Government could not answer certain interpellations in his own language. I do not know what his language was. (Some Honourable Members: "Question?"). What is that. (Mr. A. Rangaswami Iyengar: "We are not so badly off.") I may be wrong. I thought the whole country was going in for English, (Honourable Members: "No.") and that English was becoming the medium of debates

(*Honourable Members*: "No, no; shame.") in all the Provincial Councils and that we are going to see everything through the telescope of English, though I wonder if the whole 38 crores of people in India are going to adopt English as their medium of communication. If that is the idea, as I see all the Members here taking advantage of the study of that language as against those who have not studied it so fully, then it looks as if we are going to give up all other languages except English and that English is going to be the only language of the country. At least it is my personal view. I may not be right but that is what I am thinking of. Sir, if the race and the linguistic basis are not to be considered, then the only other course open is to form these provinces from the point of view of administrative conveniences. If anything in that direction could be suggested by the House, the Government ought to consider it seriously. But I have not heard very many things suggested in that direction. There is of course that impracticable theory of "self-determination" for all, but it is sure to land us in difficulties as it is liable to be claimed by small communities and even individuals.

Mr. President: The Honourable Member is not entitled to open up the bigger question of redistribution of provinces on a linguistic basis.

Nawab Sir Sahibzada Abdul Qayum: As I have said in the beginning, Sir, this is a very important and delicate question. I do not believe anything else should be weighed in considering this question, excepting the question of the efficiency of administration, based on administrative conveniences in forming these provinces. With these observations, Sir, I beg to oppose the Resolution.

(Several Honourable Members moved that the question be put.)

Mr. President: The question is that the question be now put. As many as are of that opinion will say "Aye". (*Honourable Members*: "Aye"). As many as are of the contrary opinion will say "No." (*Honourable Members*: "No.") I think the "Ayes" have it. (*An Honourable Member*: "No.") Does the Honourable Member wish for a Division? (After a pause.) The "Ayes" have it.

The motion was adopted.

Pandit Nilakantha Das: Sir, my thanks are first due to the Honourable the Home Member for his appreciation of our desire, qualified though it was in many respects and hedged in by many considerations some of which I consider practically foreign to the question. He says this is a local problem. Yes, local it is. But I maintain it has been made local by the Government themselves. The North-West Frontier question was not a local question, nor was the partition of Bengal. We have been cut to pieces and thrown into different provinces for these 150 years or more and this is distinctly an act of the British Government; and our question when it is pressed in this House is called a local question, so that members may be dissuaded from interest.

I am sorry that though I raised the question of comparison with Assam, my Honourable friend the Home Member did not enlighten me in any way as to whether a real comparison can be made and we can be formed into a province like Assam. He refers us to Local Councils and says that the question should be raised in the Local Councils and it should be first decided there. The opinions of the people may be gauged there in the Local Councils, for the outlying areas are represented there. If that be

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the intention, then it comes to no practical importance. They are in a very small number there. If he refers to the note of the Joint Parliamentary Committee under section 15 of the Government of India Act, then I am sure he will be satisfied that this question was urged in 1921; it was raised in the Bihar Council and received the unanimous support not only of the people representing Oriya tracts by a majority but the unanimous support of the House; and about the same time it was moved in the Madras local Council by Mr. Sashi Bushan Rath; there were only two members representing the Oriya tracts of Ganjam and both of them spoke and supported the Resolution, though it was ultimately withdrawn in view of the fact that Government gave an assurance of making an enquiry and coming to a settlement on the subject. As to other small tracts in the Central Provinces and Midnapore, the question in local Councils means nothing very practical; there may be half or even a smaller portion of a member representing those parts in the Councils.

Then if he is under this technical difficulty I am sure he is satisfied. Local Councils—I mean the people representing the area in the local Councils, have sufficiently expressed themselves in most emphatic terms. He says that because I have said that this step of putting all Oriya-speaking tracts under one administration is a preliminary step towards putting the whole tract under one separate government, the question of Ganjam coming into the present Orissa does not perhaps so prominently arise. We hear something strange. We are suffering under dismemberment, and as I have said before, we have become a dying race. Piece after piece is falling off. We cannot make any common cause to help one another. Our culture, which is based upon the language, that ancient culture is practically falling out of existence, and we want that all our people may be put together so that we shall make a common cause and develop our culture, our land, and help the administration in developing ourselves into a separate province. If that is not done we shall be appealing to this Government for all time to come, i.e., so long as we live, and that perhaps without effect. Fragments in all the provinces without any common voice to make it audible to the Central Government or even to the provincial Governments themselves fall asunder and perhaps lose themselves in the alien environment so difficult in nature for assimilation to a grown up individual with a developed culture.

Then as to the question of a separate province, administrative considerations always weigh more with the Honourable the Home Member, and as to administrative convenience, much has been quoted by Mr. Gaya Prasad Singh and Mr. B. Das. In provinces, in the Madras Presidency especially, it is very difficult to transfer an officer of the Government from Madras to Ganjam

The Honourable Sir Alexander Muddiman: I think I recognise very fully the administrative inconveniences and expressed sympathy with them. But if the Honourable Member wishes to alienate my sympathies he is going the right way to do it.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

Pandit Nilakantha Das: Sir, I was rather surprised to hear the Honourable the Home Member say that, by criticising the administrative and financial aspects of the question, I had alienated his sympathy. I did not know his sympathy depended on the feeling which one man's criticism might create in him. It should not be so very slippery that it should be alienated so easily and on such flimsy pretexts. This is a problem which perhaps from the administrative point of view he, representing the Government, should view most dispassionately and from a different aspect, and he should look to the good of the people and how much this good is involved in such a momentous problem as the one under discussion. Whether my remarks are palatable to him or not is not what matters in alienating his sympathy from the interests of a whole race of people. To please him, however, I desist from making any more remarks (Hear, hear) on the financial and administrative aspects of the question. But one thing I must say. It pains me as a representative of Orissa to hear very often the remark flung in our face that we are a famine-stricken, flood-stricken and poor people. Yes, a poor people we may be, but I must make this point clear and carry the idea home to my friend the Honourable the Home Member, that all this is to a great extent, although it may not be entirely, due to the administration, to the Government under which we have been living. I do not know why my Honourable friend did not ask the official representative of my province to have his say on the subject. Unlike my Honourable friend, who has seen Orissa, I doubt whether the representative of my Government over there, Mr. Shyam Narayan Singh, has ever been to my place, and if he says anything here, he will say it from papers or some experience of a pilgrimage which he might have made at least once in his life to Puri. If my Honourable friend, Sir Alexander Muddiman, goes to my province and I have the opportunity. . . .

The Honourable Sir Alexander Muddiman: I had the honour of being in the Honourable Member's province, and the only representative of Orissa who did not come to see me was the Honourable Member.

Pandit Nilakantha Das: I speak of a future visit. I shall be glad to show the Honourable the Home Member if he comes to country villages how the system of irrigation and village planning was made by ancient kings of Orissa and how those canals and embankments built for the purpose of irrigation and development of land have been neglected. Two or three years ago it is a fact that the Bihar Government wanted to make some enquiry, and constituted a Committee for the purpose; and it is a fact, too, that the Committee sat in the Commissioner's bungalow and wrote a report to say that all the embankments should be demolished, though no evidence worth the name was taken and no witnesses were examined; and this is how we are cared for. Honourable Members in the House may know now that the famines and floods are due not to any fault of the people but are to a great extent the fault of the Government and the want of care under which we have been labouring for these 150 years and more. If we go into history we see that famines were practically absent in olden days, and yet they have been so frequent under the present administration. I shall not speak any more; I do not like to alienate my Honourable friend's sympathy (Hear, hear), for a poor and oppressed people as we are, we cannot afford to alienate any man's sympathy in a matter like this, whatever be our political principles; we have no principles in this matter (Laughter). We cannot afford to have any, we are,

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so very neglected, so very lonely, so very outcasted so to say. But I must make it clear that I expected the Honourable Member, after so many years' agitation, to understand our position and give us some sort of assurance in this House that our wrongs are going to be redressed.

Now, the only thing that remains for me is that I must clear the doubts of some of my Honourable friends who have spoken. Let me again make it clear to my friends here that nothing less than a separate province will satisfy us, and I never want to commit myself to the amendment of my friend, Mr. Gaya Prasad Singh. My friend, Maulvi Muhammad Yakub, has also raised a question and said he understands the Bihar Muhammadan friends oppose this proposal, but so far as I know the majority of the opinion among the Bihar Mussalmans is not opposed to it.

Maulvi Muhammad Yakub: So far as I understand they are not opposed to it if you want to form it into a separate province.

Pandit Nilakantha Das: Yes, I want it, and in most clear and emphatic terms I say on the floor of the House to-day that nothing but a separate province will satisfy us. If Government wishes to attach us to any province, our agitation will go on so long as we are unable to determine our own destiny. That is what we want and that is what every individual race should want. As for the language question raised by my friend over there, Nawab Sir Sahibzada Abdul Qaiyum, that there are many languages in India, he may if he likes attempt to adopt the English language as the common tongue of the nation. But that question does not arise here. I stand here not for a language alone, but for a language linked to a culture. There are languages which are not based on culture. Here there is a language which has been linked for thousands of years to a distinct culture which has something to give to the federal nationality of India, and it that culture, of which the language has been the vehicle, is allowed to die or to go to rack and ruin in disruption and neglect, then I feel and every one else of my friends should feel that a distinct element of Indian nationality will be no more. This is the principle on which the linguistic provinces will be based. There are about 671 languages in India. India cannot be formed into 671 provinces. But language, linked to culture and a common history and tradition, should be recognised; and the principle of forming our provinces in future should be based on this. With these few words I commend my Resolution to the support of the House.

The Honourable Sir Alexander Muddiman: Sir, it is at any rate satisfactory to know that the Mover of the Resolution has made clear to the Mover of the amendment what was apparently not clear to him before, namely, that the Resolution to which I am replying is a proposal that the Oriya-speaking tracts should be constituted a separate administration. The Mover has now made it clear, which he certainly did not do in his first speech, that his real demand is that Orissa should be constituted into a separate administration. That, Sir, is a proposition that obviously would require far greater enquiry and far closer scrutiny than has been so far given to the smaller proposition, which is the only one that has been seriously under consideration—that certain Oriya-speaking tracts in the Ganjam district should be placed under the jurisdiction of some other administration, which administration should also have charge of the existing Orissa districts. In support of his proposition the Honourable Member brought forward in his speech, both this morning and again

this afternoon, very interesting circumstances as to the desire of the Oriya-speaking people to maintain their ancient civilisation. As I said in my first speech, with that portion of his argument I have great sympathy. The Oriyas are, and undoubtedly will remain in spite of administrative divisions, a people with distinct traditions, with distinct language, with distinct script and distinct artistic development. But to ask the Government to accept a Resolution, or even to give great sympathy to a Resolution, which requires us to constitute a new Province is rather a serious matter. It is clear that a decision on a point of that kind would have to be taken after a very full examination of the financial position, and it would probably only be taken as the result of reference to the Statutory Commission.

Pandit Nilakantha Das: May I ask if we cannot take steps towards making a separate Province?

The Honourable Sir Alexander Muddiman: My Honourable friend seems to me to have made it perfectly clear that he did not want any steps. He wanted the whole thing. Nothing less would satisfy his demand, if I understood him on that point. I am quite prepared to admit—what I have always admitted to be the case—that the reason of this agitation in Orissa is not merely the administrative convenience of transferring a few tracts from the Madras Government to the Government in charge of Orissa, whatever that Government may be. Very different points of view have been put forward but most urge this as a stage to what my Honourable friend seems to want and that is a separate Province. If I am right in thinking that then he does not wish it merely as an administrative change. Mr. B. Das, who has also spoken on this question at some length, made it clear, if I understood him rightly, that he regarded this as a preliminary with the ultimate aim of achieving the main object he had in view. If I am wrong he will correct me; but that I understood was his aim. But he recognised that for a time at least the question of an entirely separate province for Orissa was outside practical politics; and he hoped by moving slowly to get the Oriyas at any rate into one fold and then to cut that fold off from the other folds. Well, Sir, as I pointed out, the transfer of these talukas must necessarily be a matter largely of administrative considerations and financial considerations, and if I pointed out that the local Legislatures ought to be consulted it was not with a view, as my Honourable friend thinks, that they should vote on the question whether it was desirable that the present provincial boundaries should be changed, but that the local Legislative Councils should at any rate have some idea of the financial burdens which would or would not accrue in the event of any changes in territory being made. That seems to me to be an entirely reasonable proposition and that does not necessarily involve a majority vote. It can be considered by the Government with the help of the members who happen to belong to the competing communities. Madras would probably have opposition from the Telegus. My Honourable friend who sits almost opposite me told us he was in favour of a united Orissa but it was to be an Orissa united to Madras. I think perhaps the Madras Legislative Council might like to know what is the effect of that proposal from the financial point of view. I have reason to believe, that the Oriya-speaking tracts are not in favour of that proposition. The rich Telegus who I am told supply the greater part of the income-tax in Ganjam might possibly object to having to support a province which was liable to floods and so forth. On the other hand, my Honourable friend from

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Bihar, who spoke with such security, such certainty, as to the welcome the Oriyas would receive within his fold, is probably also not quite certain what the financial position there might be; and that is a matter which I still submit might well be considered in the Bihar Legislative Council because it has not so far been considered. The figures have not, I think, been laid before that Council. Again the Bihar and Orissa Government very rightly from their point of view are anxious and reasonably anxious to know what position will be created by the transfer. Now, I submit, therefore, that my argument that the Legislative Councils might well be consulted in this matter is a reasonable one. I do not suggest they should be consulted whether these transfers should be made or not. That is a matter for the Government of India, and I can only regret that it has to be discussed in a House which is not largely composed of persons interested in it. That is one of the difficulties of India when you have a subject of this kind brought up in a House of which not more than 10 persons are interested in it or can speak the Oriya language and of which a large number had perhaps never seen an Oriya till they came to this Council.

Pandit Motilal Nehru (Cities of the United Provinces Non-Muham-madan Urban): Does the Government of India speak Oriya?

The Honourable Sir Alexander Muddiman: Sir, I have forgotten it; I used to speak it a little; but there are Members behind me who speak Oriya well.

Then, Sir, if we turn to the actual words of the Resolution my Honourable friend has made it clear that the one administration he had in view was a local administration of Orissa itself. Other Members have made it quite clear that they would welcome this Resolution if Orissa went to Madras. Others want it to go to Bengal. Mr. Gaya Prasad Singh welcomes the Oriyas into Bihar and Orissa, a welcome which is not accepted by the Honourable the Mover. The only consistent person who desires to have nothing whatever to do with the Oriyas is my Honourable friend from the Central Provinces. Now, Sir, I do not want to make an entirely debating reply. It is very easy to make a debating reply and I suggest that I have made a fairly effective one. But apart from that there is the question—and my Honourable friend has not alienated my sympathies to any serious extent—there is the question, a quite serious question, in regard to Orissa. I feel and have felt that the present arrangement is not altogether satisfactory. It may be that we cannot do everything that has been asked for. It may be that we shall have to meet, largely in the first place by administrative changes, the difficulties that arise, but I do feel that there is much that can be done, that ought to be done, in the interests of the Oriyas. And I go further and say that in my judgment—and here I am speaking not for the Government of India, but for myself—if financial investigation shows that these talukas could conveniently be transferred, I should be in favour of the transfer, personally speaking. But to what Government they should be assigned is a matter that must clearly be determined by administrative reasons. I hope my Honourable friend, having heard that, will gather that I am not alienated from the Orissa cause; I feel, though perhaps not as strongly as he does, that something can be done; but I hope after what I have said he will see fit to withdraw his Resolution.

Mr. B. Das: May I ask the Honourable Member one question? Will he please consider my suggestion to appoint a small Committee, consisting of a member of the Government and some elected representatives, to go into the financial question?

The Honourable Sir Alexander Muddiman: Sir, my Honourable friend invites me to take a step that I very much dislike. When I have replied to a debate I do not think I ought to be cross-examined. As I did not refer to the matter, my Honourable friend might have gathered I was not particularly sympathetic towards his proposal. I think, however, it might be possible for the Local Government to do something of the kind and I am quite prepared to forward them a copy of this debate in order that they might consider this point.

Pandit Nilakantha Das: Sir, in view of the remarks just made by my friend the Home Member, I should like to withdraw, and beg permission of the House to withdraw this Resolution. But I hope at the same time

Mr. President: Order, order. Does the Honourable Member ask permission to withdraw his Resolution? That will be enough for the House.

Pandit Nilakantha Das: Yes, Sir.

Mr. President: Does the Honourable Member (Mr. Gaya Prasad Singh) ask permission to withdraw his amendment?

Mr. Gaya Prasad Singh: Yes, Sir.

Mr. President: The question is that leave be given to Mr. Gaya Prasad Singh to withdraw his amendment.

The motion was adopted.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President: The question is that leave be given to Pandit Nilakantha Das to withdraw his Resolution.

The motion was adopted.

The Resolution was, by leave of the Assembly, withdrawn.

RESOLUTION *RE* INDIA'S FITNESS FOR SWARAJ.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions, Non-Muhammadan Rural): Sir, the Resolution which stands in my name runs thus:

"This Assembly recommends to the Governor General in Council to convey to His Majesty's Government the opinion of this Assembly

(a) that India is fit for complete Swaraj and therefore the Statutory Commission should not be appointed to inquire into the question of further reforms inasmuch as such an inquiry will be a reflection on India's fitness for Swaraj;

(b) that immediate steps be taken to hold a Round Table Conference in London or Delhi of representatives of the Indian people, half of whom should be elected by this Assembly and the other half by the Indian National Congress, to meet the representatives of His Majesty's Government to discuss and settle the question of Swaraj for India."

Sir, I do not move this Resolution at this stage.

Mr. President: It was unnecessary for the Honourable Member to read his Resolution if he did not want to move it.

Sardar Gulab Singh (West Punjab: Sikh): Sir, under the direction of my Party I do not move my Resolution.*

RESOLUTION RE TREATMENT OF THE SANTHAL PARGANAS AS A BACKWARD TRACT.

Kumar Ganganand Sinha (Bhagalpur, Purnea and the Santhal Parganas Non-Muhammadian) Sir, I rise to move the Resolution
3 P.M. that stands in my name. It runs as follows:

"This Assembly recommends to the Governor General in Council that he may be pleased to take steps to bring about the withdrawal of the Santhal Parganas District in the Province of Bihar and Orissa from the operation of sections 52A and 71 of the Government of India Act, 1919, and so amend the Scheduled Districts Act, 1874, as to omit from it 'III—The Santhal Parganas' occurring in Part III under the head 'Scheduled Districts, Bengal' of the First Schedule of the Act."

Sir, howsoever clumsy the drafting of the Resolution may appear, the one object which I have in view in moving this Resolution is to recommend to the Governor General in Council that the Santhal Parganas may cease to be recognised as a backward district. I admit, Sir, that ordinarily statistics are very dull things, but sometimes they are very illuminating, and I crave the indulgence of the House to quote some statistics to show in the first instance what it is that we call the Santhal Parganas and how far "backward" it is, and why.

In 1911 the population of the district was 1,882,781; in 1921 it was 1,798,689; so that in one decade there was a decrease of 84,142. This tract is sharply divided into two parts (1) the Damini Koh tract, the population of which in 1921 was 372,687, comprising 80 per cent. of Santhals and 20 per cent. of non-Santhals, and (2) the Dikku tract. Of these latter parts—the non-Santhals are called Dikkus,—population in 1921 was 1,425,000. In the Dikku tracts there are 16½ per cent. of Santhals in the Deoghar sub-division; nearly 41 per cent. in the Jamtara sub-division; 52 per cent. in Dumka; 10 per cent. in Rajmahal; 22½ per cent. in Godda; and 53 per cent. in Pakour. These statistics I am quoting approximately. I cannot be very precise. The Santhal percentage in the whole district is only 48½ per cent. of the population of the whole district; and in the non-Damini Koh districts it is only 34 per cent. So the House will at once see by these statistics that the non-Santhals in the Santhal districts are more numerous than the Santhals themselves. Now, Sir, I could have understood the justification of the laws if they could be applied only to the Damini Koh region as at present constituted. When I look at the laws, I should say arbitrary laws, I fail to understand how and in what sense of fairness they could be applied to the Dikkus including them among backward classes. Three per cent. of them are educated; but there are other districts in Bihar that enjoy all the privileges of the existing laws, where the percentage of education is not greater. In Purnea district it is approximately 3 per cent., in the Ranchi district,

*"This Assembly recommends to the Governor General in Council that India be accorded Dominion status at an early date."

the summer capital of the Bihar Government, it is 3½ per cent.; in Palamou it is nearly 3 per cent; in Hazaribagh it is nearly 3 per cent. and in Singbhoom it is 4 per cent. But these districts have got their District Boards. Except a few Municipalities, the Santhal Parganas cannot claim to have any District Board or other local bodies. I think I owe it to the House to describe the present state of administration in order to show how these people are governed at present. The executive and judicial functions are vested in a single person. The Deputy Commissioner is the guardian of 17 lakhs of people there. He has got his underlings in the Sub-Deputy, Deputy Collector, the Sub-divisional Officer and others. They try criminal cases and in most of them they are the final arbiters and can inflict as hard punishments as they like. In ordinary cases the Divisional Commissioner, who has got the power of the highest Appellate Court, is the highest authority, and in certain Sessions cases or in the case of Europeans appeals can lie to the High Court of Judicature at Patna.

With regard to civil suits again, no suit valued under a thousand rupees can be tried by the procedure laid down in the Civil Procedure Code, and in cases which are not tried according to the procedure laid down in the Civil Procedure Code, the Sub-Deputy can try cases up to Rs. 200, the Deputy Collector can try cases up to Rs. 500 and the Sub-divisional Officer up to Rs. 1,000 and so on. Sir, if you consider the economic condition of the district, you will see how many cases which could ordinarily be tried in other parts of the country under the procedure laid down in the Civil Procedure Code could be tried by that procedure in the district.

The average land in the district is nearly 15 cottas per head, and the average paddy which can grow under the existing circumstances is not more than 7 or 8 maunds a year. What wonder is there in such circumstances that 84,000 coolies have had to leave their homes and their children and go and serve in coal-fields or in tea gardens. Sir, the general discouragement which handspinning and weaving receives from officials has tended much to throw out of employment the weavers who used to live mostly on weaving and the decline in the price of lac and the general depression in the lac industry have aggravated the difficulty of unemployment. So, practically they have no option but to go and earn their livelihood elsewhere, because their own lands have been rendered unproductive by the existing laws and regulations. They are not allowed to engage pleaders. Everything depends on the officer trying the case, and if he likes they are allowed to engage pleaders, otherwise not, and these poor people with very little education find it very hard to get justice or to satisfy themselves that they are getting justice from the court.

Now, Sir, the other difficulty under which they labour is that they are not allowed to transfer their lands. There is a village community dominated by Pradhans, and they in turn by the Sub-divisional Officer and the immediate officers-in-charge, which has the management of lands in a village in hand and irrespective of the fact whether the cultivators are Hindus, Muhammadans or Christians, the succession is governed by the decrees of the village communities headed by the Pradhans. It might be argued that the Pradhan is a relic of the old Santhal institution, but in fact the Santhal institution was more or less representative in character, whereas we find the present Sardars to be mere agents of the executive officers. There is no power attached to them like the *Moschor* or *Panch*

[Kumar Ganganand Sinha.]

of the Santhal institution. I fail to see, Sir, what good the Santhals derive by such an institution. In the Damini Koh area the police duties are entrusted to the villagers. I may say that the villagers are supposed to be the custodians of law and order. Of course, in theory it is a good thing, no doubt, but what is the actual state of things? Ignorant people who have not the capacity of preserving their own lands are entrusted with the duty of preserving law and order, and the House can well see what idea such people will have about law and order. The Parganayats of the Sardar of the police force takes an oath of office before being appointed, and the first duty of his is to prevent the use of intoxicating drugs which is honoured more in its breach than otherwise. We have had this institution of taking oaths to prevent the use of intoxicating drugs in the villages without any effect whatsoever. Their work, as is generally seen, is to go to their officers with their men called Chakladars and dance attendance on them and do their biddings. Every villager has to pay for the police force at the rate of Rs. 1-10-0 per year.

So it comes to this, that the Deputy Commissioner, with his subordinate officers, Pradhans and Damini Koh area Parganayats, is the final arbiter of the destinies of 13 lakhs of people, inarticulate, helpless and groaning under the administration of bad laws. The history of non-transferability of land is assuming a very vicious shape of late. We know that from 1863 to 1871 transfers were freely made. In 1872 some restriction was put on the transferability of land, but after the Wood settlement no restriction was observed. In 1886 circular letter No. 83 was issued, and by that letter gift, mortgage and sale of lands were stopped. The object of that enactment, as was declared then, was to protect the Santhals against money-lenders. Now, Sir, it is to be seen how far such measures are effective in protecting the Santhals from money-lenders. We have only about 1,115 people who are money-lenders in the district, and if you work out the proportion it comes to this, namely, there is one money-lender for every 1,610 people in that district. Such being the case, and when we see that the population has decreased by 84,000 in the past 10 years under the present administrative system, I venture to think it is not the money-lenders but the existing system of administration which is accountable for the gradual extinction of the Santhal population in the district. Formerly, *bhowali*, (that is a form of the division of the produce between the agricultural labour and the landowner), *kut* and *krishani*, all different forms of grain contracts, were not recognized as transfers; they were mere contracts. But in 1908 attempts were made to characterise them as illegal transfers by amending section 27 of Regulation III. The law was further restricted in the year 1923. In that year settlement rules were made by which *raiya*s were liable to be ejected even if they gave *bhowali* of the land for a year. Suppose I entered into a contract on my land with another cultivator so that he may cultivate it and share the produce with me, the next year under the settlement rule I could be deprived of my land because somebody else had cultivated it. Agitation, as was quite inevitable, was carried on against it and the period of incurring liability for ejection has now been fixed at 12 years. But *krishani* continues to be an illegal transfer and in Taluka Hundwa in the Santhal Parganas District 7 or 8 *Krishani* ejectments have occurred. If *Krishani*, which the Government characterise as slavery, were to be abolished the improvement of cultivation would become practically impossible. If the Government really wanted to protect the Santhals, they ought to have given them loans or advances to improve

their land or to have supplied materials by which the productivity of the soil could have been improved; instead of making these laws and making agriculture day by day a growingly difficult problem. They are shutting up capital because of non-transferability, and they are not doing anything themselves to mitigate the sufferings of the people. The Government of India Act, 1919, gave the Santhals representation in the provincial Council and also in the Assembly. But what can the representatives do? The Governor of Bihar and Orissa in Council and His Excellency the Governor General in Council confer with each other, make laws and thrust them upon the population of the Santhal Parganas District, without giving the Members representing the district any chance of expressing their grievances or remedying them. Had it been a case of the ordinary laws of the land they could have brought them forward in the form of a Bill which could have been discussed on the floor of the House and amendments could have been moved if necessary; but in regard to these rules the Legislatures are powerless and they can do nothing but agitate in other ways. Therefore, so far as the Santhal Parganas are concerned, the representation given by the Government of India Act is no representation at all. So I think, Sir, I have made four points clear, namely, that the land remains uncultivated for want of capital and no provision is made nor any advances are given for the improvement of agriculture; the employment of labour is restricted and indigenous enterprise checkmated, the procedure of administration of justice is defective; and fourthly, the representation given by the Government of India Act, 1919, amounts to no representation at all. If the district were administered by the ordinary laws of the land and not by special Regulations, it would, I venture to submit, have a far more beneficial effect on the Santhal population as a whole than the present Regulations. It would improve the administration of justice, remove economic disabilities and improve agriculture and industries. Sir, with these words, I move my Resolution.

Mr. Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadian): Sir, there is an amendment on the paper standing in my name, and my amendment runs thus:

"That for the original Resolution the following be substituted:

"This Assembly recommends to the Governor General in Council that he may be pleased to take immediate steps to bring about the withdrawal of the Chota Nagpur Division, the district of Sambalpur and the Santhal Parganas District in the Province of Bihar and Orissa from the operation of sections 52A and 71 of the Government of India Act, 1919, and so to amend the Scheduled Districts Act, 1874, as to exclude from its operations the said tracts."

The Honourable Sir Alexander Muddiman (Home Member): Sir, on a point of order. I suggest that this amendment enlarges the scope of the original Resolution and is out of order.

Mr. President: Has the Honourable Member anything to say on the point of order? The Honourable the Home Member contends that the Honourable Member's amendment extends the scope of the original Resolution and is therefore out of order.

Mr. Ram Narayan Singh: Sir, so far as I think, an amendment is certainly either an extension or limitation of the scope of the original Resolution. The subject is the same and refers to the same Acts. So I suggest that the objection raised by the Honourable the Home Member should either be withdrawn by him or over-ruled by you.

Mr. President: I rule that the amendment is in order.

Mr. Ram Narayan Singh: Sir, I move the amendment which I read out a little while ago. In doing so, I want to say something in support of it. Sir, when I consider the race, the physical features, the character, the customs, the manners, the caste, the creed and the religion and also the general progress in education and other matters of advancement of the people of the Chota Nagpur Division and the Sambalpur District and compare them with those of my countrymen living in other parts of Bihar and the country, I find no tangible difference at all. By this I do not mean any absolute similarity which is impossible even between two individuals. Considering all sides of the question together, no just man in the world will differ from me when I say that the people of the said two areas are not in any way inferior to those living anywhere else in this country. But when we are told that we belong to a "Backward Tract", we are at a loss to imagine where has the difference come from. Taking for granted that there is some sort of difference, I assert with all the emphasis at my command that this so-called difference must be due not to anything in the people themselves but to the defects in the administration there. It is no good arguing that only a few of the Acts and only a few of the sections of some other Acts are not applicable there and that therefore there ought to be no trouble. Sir, much depends on the character and the nature of the administration. Sir, the laws are there, the statutes are there, but they are all in books only. In dealing with the people, they are not to be used by the administrators there. For this area practically there are no written laws. Orders and even the words of District Magistrates of every district defined and damned as a "Backward Tract" are laws. Mr. E. Lister, the late Deputy Commissioner of Hazaribagh, once said so. In short in these areas there is no loud-trumpetted British rule there, not even the shadow of it. Sometimes there is Mr. Murphy's rule, sometimes Mr. Hammond's rule and sometimes Mr. Toplis's rule, and so on. Only rarely there is a little better rule, but after all it is one man's autocratic rule on all occasions. It is not only a piece of injustice, Sir, but a terrible act of tyranny to place the life, the honour, the property and the future prospects of several lakhs of people in the hands of one single alien ruler who, having absolutely no sympathy for the people nor any interest in their welfare, is to govern them as an independent king. I shall later on illustrate my statements with facts. Sir, the Governor General personally knows nothing of a district. The Governor even labours under the same disadvantage. A District Magistrate, the man on the spot, forwards a report to the Governor. The Governor forwards it with his recommendation to His Excellency the Viceroy. And what does he do? He considers it only in the light of the recommendations submitted and, in exercise of the powers given to him under section 52-A of the Government of India Act, 1919, declares a certain area to be a "backward tract". Similarly on the report of a District Magistrate, the Governor prepares a draft of a certain Regulation and submits it to the Governor General in Council for approval. The Viceroy having assented to this, the Regulation gets the force of law under section 71 of the said Act. Thus, the District Magistrate takes the initiative in every case, and in fact he is the all-powerful man. In 1923 the Local Self-Government Act for Bihar and Orissa was passed and thereby local bodies were given much power over certain local affairs. This certainly curtailed the powers of all District Magistrates to a very large extent. Sir, human nature being what it is, Mr. Murphy, the then Deputy

Commissioner of Hazaribagh and now the Collector of Bhagalpore, did not like it. He submitted a report stating that nobody in the district was fit to be the Chairman of the District Board. In collusion with him the other Deputy Commissioners of other districts in the Chota Nagpur Division submitted similar reports. The result was that the Governor at once issued a notification that in these districts there should be official Chairmen. Thus laws are or are not to be applicable in these areas according to the will of the District Magistrates. Hence it can very well be said that in these districts there is one man's rule.

In the same connection it will not be out of place to say a few words about the method of administration in these districts. As the matter stands, the District Magistrates are, for all practical purposes, the Badshahs and the Sub-divisional Officers are semi-independent Nawabs. In many places the same Sub-divisional Officer decides all kinds of cases, criminal, civil and rent. In courts like that at Semdya in the Ranchi district even legal practitioners are not allowed to appear. When a similar case was stated by Kumar Ganganand Sinha, my friend over there clapped. At the same time, when the percentage of education was stated, my friend on the official side clapped. I think you should be ashamed of this. If there is no education there, it is you and you alone who are responsible for it and not the people. If any mukhtear or pleader dares to go there, the place is made too hot for him. Even in some other places where lawyers are allowed, they have to remain and work there at the sweet will of these Nawabs. Once they have in any way incurred the displeasure of these Nawabs, they are nowhere. They have to leave the place bag and baggage. These Nawabs can treat the people in any manner they like. They can with impunity abuse, beat and assault people of all ranks. Once about 3 years or so ago I represented such a case about Mr. C. S. J. Home, the Sub-divisional Officer of Chatra, to His Excellency the present Governor of Bihar but most likely to no purpose. Not only this, no sufferer should ever report the fact to anybody else. Once Babu Sarwari-Kant Gupta, a Deputy Magistrate of Hazaribagh, assaulted Ramdhani Ram, a chaukidar of the District Board bungalow at Peterbar. I heard of it and brought it to the notice of Mr. Murphy, the Deputy Commissioner of Hazaribagh. The Deputy Commissioner, the judge, fined the chaukidar for this. Cultivation is generally utterly destroyed by wild animals. People are not allowed to keep guns to protect their property. Tigers also are in abundance. Several human lives are destroyed almost every year, but sometimes verbal orders are passed that this or that tiger should not be killed even by one who has been favoured with a license for a gun, save and except by the sahibs. Forests, especially in the Hazaribagh district, are reserved without any regard to the raiyats' rights therein and people even with stock of foodstuffs with them have been known to be starving for want of fuel. In short, the misery of the people knows no bounds. I hope this House will leave nothing undone to save these unfortunate people. In the affairs of the District Board, primary education, medical relief and other works of public good, though transferred to the local bodies, are not only neglected but greatly hampered by unsympathetic and mischievous official Chairmen like Mr. Murphy and Mr. Toplis. A confidential report of an honest man about the affairs of the district board of Purulia and Hazaribagh will convince the Government about the truth of these statements.

Sir, the connection of these areas with the British Government dates from 1705. Before this they were governed by their own chiefs, that is, in a way they were capable of governing themselves. Nominally by the year 1772 and actually by the year 1834, these districts came into British possession and Sambalpur came only in the year 1849. Since then they were governed exactly in the same way as other districts of Bihar till 1854 when they began to be treated as backward tracts. After a century of British administration, it is a pity that the people of the Chota Nagpur Division and the Sambalpur district could not again be what they themselves were before the year 1854 or what the people of Gaya and other districts of Bihar were in 1765. It is a great pity.

Mr. President: Will the Honourable Member oblige the Chair by bringing his remarks to a close?

Mr. Ram Narayan Singh: The House and the whole country will feel greatly obliged if the Honourable the Home Member will let us know the various tests and standards prescribed either by themselves or the British Parliament by which, and the method according to which, they distinguished in the past and still distinguish to-day the people of Chota Nagpur and Sambalpur district from those of other parts of Bihar and other parts of other provinces. It ought to be made clear as to how many stages these people have to pass through to qualify themselves for being ruled by laws. Sir, the truth is

Mr. President: Order, order. Perhaps the Honourable Member has not understood the Chair. The Honourable Member's time is up.

Mr. Ram Narayan Singh: One minute more, Sir. With these words, I commend this amendment to the House and I hope this will be unanimously carried, and I hope His Excellency the Viceroy also, in order to prove his sincerity for the good of the people, will see that immediate steps are taken to remove all the grievances of the people of the Chota Nagpur Division and the other districts, whose miseries are a blot on the character of British rule in this country.

Mr. President: Before we proceed further, I should like to make one observation, and it is this. The Chair expects Honourable Members who wish to raise any point of order on any Resolution or amendment on the paper to give timely intimation of it if possible. This observation applies with greater force to Members of Government, because they are in possession of Resolutions and amendments long before non-official Members get them.

The Honourable Sir Alexander Muddiman: I should like, with your permission, Sir, to be quite clear about this point. Is it your desire that we should give notice in writing?

Mr. President: Not at all. The Honourable Member knows that the President is always accessible, should any Honourable Member desire to consult him in any matter regarding the business of the Assembly.

The Honourable Sir Alexander Muddiman: I shall have very great pleasure in adopting that course. I thank you for the invitation. I have not previously gone to you, because I understood that you wished the points should be raised in the House.

(Mr. President on calling on Mr. B. Das to move his amendment.)

The Honourable Sir Alexander Muddiman: Sir, I was not aware of your request before, but if Mr. Das is going to move his amendment, I desire to object on the same grounds as I did on the last occasion.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, I move my amendment on the same grounds as my predecessor.

I beg to move:

"That for the original Resolution the following be substituted:

'This Assembly recommends to the Governor General in Council that he may be pleased to take immediate steps to bring about the withdrawal of the Chota Nagpur Division, the districts of Angul, Sambalpur and the Santhal Parganas in the Province of Bihar and Orissa from the operation of section 52A, sub-section (2) of the Government of India Act, 1919, and to amend the Schedules of the Act accordingly.'

My friends, Kumar Ganganand Sinha and Mr. Ram Narayan Singh have already dealt with the Santhal Parganas District and the Chota Nagpur Division. I will confine my remarks to the districts of Angul and Sambalpur in Orissa. I confess I have no knowledge of the form of administration of either the Chota Nagpur Division or that of the Santhal Parganas district. With regard to the district of Sambalpur I would say that it enjoys all the benefits and all the advantages that a British district in Orissa enjoys. The people of Sambalpur have similar rights and all the electoral rights; I think that Sambalpur being classed as a backward district is a technical mistake. It has been so placed because in the old days Sambalpur was taken out from the political areas. Except in one or two matters, as regards appeal of the people of Sambalpur to the Commissioner of the Orissa Division, the Sambalpur people enjoy equal benefits with the people in the Orissa district. So that I think it is a simple matter of correction and that district may be now declared a full-fledged British district.

As regards the district of Angul, the district of Angul is a pure Oriya-speaking tract, and when it was annexed by the British it was made a non-regulated district. Angul has also a sub-division, Khondmal, which is inhabited by Khonds, a primitive people. I do not mind that sub-division being regarded as a backward tract, but to place 1½ lakhs of Oriya people under the brand of a backward district is to deprive them of the privilege of education, to deprive them of the rights of franchise—municipal or councils—to deprive them of local self-government, and to place them entirely under the administration of a Deputy Commissioner, who at times is not a Civilian but belongs to the Provincial Civil Service. The people of Angul district are of similar social status and similar stock to the Oriyas of the main districts, though they are at present backward in education. Education and civic rights are denied to those people and I appeal to the Government to allow Angul to be declared a regulated district and to give the people there equal rights with the people of Orissa.

My amendment differs from that of Mr. Ram Narayan Singh. I have taken out section 71 of the Government of India Act, because section 71 gives the Governor General or Governor of a Province extraordinary powers to make Regulations and Ordinances. My purpose will be served if these districts are withdrawn from the operation of section 52-A, sub-section (2) of the Government of India Act, 1919, and with these remarks I move my amendment.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, I am simply surprised at my own ignorance. So long I was under the impression after reading the Schedule—and it was a mistake perhaps, which I now realise—that no discussion could be raised about Angul, it being practically a British Native State.

(*An Honourable Member*: "What is a British Native State"?).

There are some small Native States in Orissa, not like Hyderabad, where people may demand the right of representation in Council. They are small States practically under a double Government of the British Raj. The British Government rule the Rajas, feudatory chiefs, in the dark through a Political Agent, and the Rajas rule the people at their rapacious will and vicious pleasure.

Angul was—not recently, as my Honourable friend said, but about a hundred years ago—annexed, perhaps during Dalhousie's reign, if I remember aright. It has remained a dark Garjat State under a Deputy Commissioner. No man can enter there, no question can be raised about it, no budget can be discussed, and even during budget time, questions about Angul cannot be raised. It is practically administered according to the will of the Deputy Commissioner there. He is the Chief Officer, executive and judicial. He will take all criminal, civil cases, rent suits, and he is all in all.

(*An Honourable Member*: He is a small Czár?)

Yes, he is. The real Czar has succumbed to the spirit of democracy, but the Deputy Commissioner is there to represent him. So I think that these disabilities should be removed in Angul. There is a high school in the district and there are about a dozen graduates, some of whom are Deputy Collectors. They ought to have the right of representation. As to Sambalpur it is simply a formal change and it should be made as the people of Sambalpur have no title or claim to be called backward. The change should affect only our Bills and Acts, where the clause, 'it should be extended to Sambalpur by notification in the Gazette' will no longer appear.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhammadan): Sir, I do not want to take up the time of the House at the fag-end of the day, because I find there is something very important coming on at 4 o'clock. I had intended to speak at some length on this subject, but will now content myself merely by saying that I lend my whole-hearted support to the amendment.

Mr. Siddheswar Sinha (Gaya cum Monghyr: Non-Muhammadan): Sir, I rise to give my whole-hearted support to the amendment moved by my Honourable friend from Chota Nagpur. It is said that the people of Chota Nagpur and the Santhal Parganas are backward. It is also said that the aim of the British Government in India is to make the people fit for governing themselves. But what have they done in Chota Nagpur? They themselves say that for about a hundred years in that province they have been practically able to do nothing in matters of education. Up till 1766 those tracts were independent and managed their own affairs. After that they gradually came under British rule. It was only in 1854 that those tracts were declared to be backward. Any one who had the privilege of living even for a short period in close touch with the people of Chota Nagpur cannot but declare that the people of that area are as

forward in their sincerity, honesty of purpose and in their devotion to their duty as any man in any other part of India. They are as rational, as discriminating and as advanced in education as many other districts of Bihar and yet a different treatment is meted out to them under the provisions of certain blessed sections of the Government of India Act. In theory it is all very well to say that they are governed by the same laws as other Biharis; the little differences that are introduced are to suit the special circumstances and that too very rarely; but in fact the wishes of the Deputy Commissioners are accepted in all cases. No recommendation as far as we know of any Deputy Commissioner has failed to be made into a Regulation. I shall be obliged if the Honourable the Home Member can give any instance in which the recommendations of a Deputy Commissioner have not been given the force of a Regulation and law. Sir, if there is any deficiency it is due to this—one man's autocratic rule in the form of Regulations. And what are these Regulations? Let us examine the one instance cited by the mover of the amendment. The Local Self-Government Act came into force in 1924. According to the provisions of that Act non-official members have the power to elect non-official Chairmen of District Boards. But the Deputy Commissioners of Chota Nagpur did not want to give the slightest power to non-official members and hence their recommendations that the non-officials of those districts were unfit to manage the affairs of the District Boards. It is astonishing that when these very men happen to possess only a few acres of land in other adjoining districts they become fit to discharge the duties of Chairmen efficiently. Such instances are not wanting when a man has been recorded as a voter in two districts. Other Regulations will be found to be as unreasonable as this if scrutinised. Sir, these districts have long been kept as backward under vain excuses. Now the Government should be more impartial and they should at once extend the same privileges to the people of these tracts as are enjoyed by their neighbours in other districts of Bihar.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadian Urban): Sir, I move that the question be now put.

MOTION FOR ADJOURNMENT.

POSTPONEMENT OF THE CONSIDERATION OF THE INDIAN CURRENCY BILL.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban):

Sir, I rise to move the adjournment of the House in order to
 4 P.M. discuss the serious situation created by the decision of the Government in putting off the discussion of the Indian Currency Bill till after the disposal of the Railway Budget and till after the presentation of the General Budget.

Sir, the question relating to the Currency Bill has been before the country since the dissolution of the last Assembly and there is no excuse whatever for the Government not proceeding in a normal way with the Bill, as I understand they promised to do at the instance of the last Assembly, of which I had not the doubtful fortune to be a Member. The Finance Member, I understand, promised to bring up this Currency Bill this Session, and when once the Bill was brought up nothing was done to it, it was left severely alone. I suggest the Government's policy as regards this Bill has suddenly changed. They wanted to surprise the

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country on the last occasion, to rush the Bill through on an unprepared country, to force the representatives of the people to accept the ratio they suggested or the policy that they supported. I do not wish to discuss the merits of the question, and I do not express any opinion one way or another as to what the ratio should be or what the currency policy should be on the present occasion, but it is quite clear that they wanted to take the country by surprise, but when the Assembly naturally wanted time, time was given and it was agreed that it should be brought up now. Now having raised the country, perhaps not in the way that was desired by the Finance Member, and after having made far more numerous currency experts than he perhaps imagined would spring up in answer to his demand, he naturally feels afraid to face the storm and this Bill is dropped like a hot thing and he will not proceed with it. He simply introduces it and drops it, and we were told yesterday by the Honourable the Home Member that it is a matter of very trivial moment, that it will not matter one way or the other: that things could be rectified after the budget discussion,—and the Bill could be taken up at any time. What then was the hurry of bringing this forward on the last occasion? What was the hurry for this financial liberalism and other things which the Currency Bill promised, and why all this fervour for it? Why should there have been after this fever this astonishing convalescence and sudden cooling down? I suggest it was because they found throughout the country, there had been a practically unanimous opinion as to the great importance of this measure. The issues it raises are of vast importance to the people. Many many interests are affected and every moment's delay in this must mean one way or the other the loss of so many lakhs of rupees to one set of interests and a gain of so many lakhs of rupees to another set of interests, and it is idle, therefore, to justify delay in a measure which must naturally affect the money market and which must enable speculators to indulge in various transactions and which also unsettles the financial and economic conditions in the country. Now I would suggest that rule 50 of the Legislative Rules is clear enough and it states that supplementary or additional grants should be asked for only when the amount voted in the Budget is found to be insufficient for the current year or if a need arises for expenditure for which the vote of the Assembly was necessary upon some new service not originally contemplated. Therefore, it only allows supplementary budgets and additional grants in the case of unforeseen contingencies or in the case of the amount not being found sufficient by an accident, by an oversight, and, not to a case like this where the Government must know that if it is 1s. 4d. it must be so much more expenditure they will have to meet, or if it is 1s. 6d. so much less. Therefore, it is quite clear they know that in this case no supplementary budget which would be within the meaning of the rules could be brought forward, and the proper time to discuss this question is before the Budget, because it is admitted on both sides of the House that the Currency Bill and the ratio go to the very root of the Budget. It affects almost every head of the Budget, and, therefore, it was necessary for them to bring up this matter as early as they possibly could. Then again we were told that it was really not necessary to do this because Members of the House would be unaware of their duties to the country or to the Government, whatever that may be, until they were in posses-

sion of the figures which were to be found in the Budget. But this question of the ratio, the question of the Currency Bill is not a matter which has to be discussed in connection with the Budget at all; the Budget has to be framed in connection with the currency policy of the country undoubtedly and in connection with the fixing of the ratio, but you have not to discuss the ratio or the currency policy in connection with the Budget, because the currency policy of the Government, the stability of exchange or the ratio that may be fixed at which you are to stabilise the rupee—those are things which affect the permanent interests of the country independently of any budgetary considerations for this year or that year or so much revenue under this head or so much expenditure under that head. Therefore, it is obvious the excuse which was given is not any reasonable or acceptable excuse to anyone who bestows a moment's reflection upon this question. I consider that in addition to these arguments there is this fact that the main reason, the main purpose of this delay is undoubtedly to force this House, to persuade the Assembly to accept the ratio which is proposed by the Honourable the Finance Member. That is the reason, I submit, for the delay in bringing it up the purpose of putting it off. If you do not agree to this ratio, you will have to agree to so much taxation or you will not have these Provincial Contributions or you will not be able to get this or that. The Members of the Assembly are sought to be placed on the horns of an imaginary dilemma—that is the object of this procedure.

The Honourable Sir Basil Blackett (Finance Member) *Imaginary?*

Mr. S. Srinivasa Iyengar: Of course so far as I am concerned. The persuasive powers of the Finance Member may enable him to get votes and that is the reason for the delay. It is imaginary so far as I am concerned. I dare say he will be able to capture votes by this kind of contrivance, which I submit is wholly unjustifiable and should not be allowed in this House. Supposing again, it happens contrary to the opinion of the Government that the 16 pence ratio is accepted by this House, then it is perfectly obvious that various items of expenditure would have to be considered very carefully by the House. Retrenchment will have to take place or alternative schemes of expenditure may have to be proposed. That will raise very serious considerations and it will not be possible within the limited time at the disposal of this House to deal with the two complicated questions—(i) the general question of currency policy and (ii) the budget figures for a particular year. The two things ought to be separated. If the Government profess to do it in a scientific way for stabilising exchange, they ought not to complicate it with the temporary transactions of a particular financial year but should disentangle it from those momentary things and put it on a permanent healthy and wholesome plane. It is quite obvious that the procedure adopted is open to the severest possible condemnation both in the interests of the country and I submit also by the voices of the Members of this House. I submit, Sir, this is really trifling with the rights of this House when it has possession of a Bill of first-class importance not to have it deliberated upon, not to have it voted upon, by the Members of the Assembly in a detached fashion. In order that we may come to a conclusion one way or the other with due regard to the totality of India's interests, we should have an unprejudiced vote. That will be possible only if it is taken at this stage and red herrings are not drawn or complications introduced in various

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ways. "You want this for your province? You want that for your department? Well, you will not get it unless you agree to this". That is the kind of thing that will go on both in the House and in the lobbies and we do not want that kind of advantage to be taken. We want a perfectly straight vote upon this question and upon its merits long before the Budget is taken. And the Railway Budget comes on almost immediately. It is not simply the consideration of the Budget or the presentation of the Budget. The Budget has to be voted upon and it has to be disposed of. Therefore I submit, Sir, that the reason why this House should express its opinion on the conduct of the Government by adopting this motion "is too cogent and obvious to need any further elaboration.

Mr. President: What is the motion?

Mr. S. Srinivasa Iyengar: The motion is to adjourn the business of this House for the purpose of discussing the serious situation created by the Government in putting off the consideration of the Indian Currency Bill till after the disposal of the Railway Budget and till after the presentation of the ordinary Budget.

Mr. President: Order, order. That is not the motion. The only motion is "that this House do now adjourn."

Mr. S. Srinivasa Iyengar: Yes. That is for the Chair to put the question. So far as I am concerned, it is a discussion of this question, and therefore I submit that the House should adjourn for this purpose by way of expressing its opinion upon the conduct of the Government. I have nothing more to add.

***Mr. M. E. Jayakar** (Bombay City: Non-Muhammadan Urban): Sir, I rise to support this motion that the House do adjourn; and the grounds on which I support it are these, that in keeping back the Currency Bill to such a late date the Government are practically going back upon the promises which they made in the course of the debate which took place in the month of August last. I had not the fortune to be in this House then, but I remember following the debate very carefully and I hold in my hand an authenticated copy of the proceedings as they were reported from time to time. If I may recall to the mind of the Honourable the Finance Member the promises which he made in the course of the speech which was made by him on the introduction of the Bill and also in the course of the debate which took place on the motion of Diwan Bahadur Rangachariar that the Bill should be circulated to elicit opinion, three distinct statements were made by way of promises to the House. The first was and I shall quote the very words of the Honourable the Finance Member which he used at that time—that this House would have the chance of discussing this Bill in an atmosphere of cool detachment without bringing into the question any other side issues, that they would have the chance of discussing this Bill entirely on its merits.

The Honourable Sir Basil Blackett: I would like to know which is the quotation.

Mr. M. E. Jayakar: I will give it very shortly. And in the course of the debate it was further stated in reply to Diwan Bahadur Rangachariar who urged that the Bill had been presented with precipitancy, that it would be presented in an atmosphere where there was not the slightest hint of a fait accompli. The third statement made in the course of that

*Speech not corrected by the Honourable Member.

debate was that Members would have ample opportunity of stating their views upon this Bill so that Government would have ample time to adjust the difficulties which might arise

Now, Sir, as regards the first I would just ask the attention of the House to the statement made in the course of the debate by Diwan Bahadur Rangachari, which statement was practically accepted by the Government. I refer to the speech of Diwan Bahadur Rangachari at page 216 where he stated the needs of this House, which on this occasion were practically conceded by the Government Benches. What the Diwan Bahadur stated was

'The very reason why I have come forward with this proposal is that the subject should be considered in an atmosphere free from the heat of the moment and in a calm and cool one

That was one of the grievances of the House at that time and that grievance was conceded by the Government Benches who had the grace on that occasion to accept the amendment proposed by the learned Diwan Bahadur. Then in the course of his speech Sir this is what the Honourable the Finance Member stated and if I may take the liberty of calling his attention to that statement I shall do so

The Government have been accused of precipitancy in bringing this Bill before the Legislature this Session soon after the issue of the Report. As against this I am glad to be able to record that it has been recognised in quarters which are not usually not far from Government that the Government did to be congratulated on giving the Assembly the earliest possible opportunity of considering this question. It is I think sufficient answer to those who accuse us of precipitancy to ask them what they would have said to us if we had refrained from bringing this Bill forward now and held it till the next Delhi Session. We have been unjustly accused in the Minute of failure of adequately presenting the Commission and India with a *fait accompli*.

These are the three quotations which make out the point

The Honourable Sir Basil Blackett: What point?

Mr. M. R. Jayakar: Now Sir may I ask the Government Benches what is the idea in keeping back this Bill in a most unnatural way? I should have thought that a more natural process would be to get a decision from this House upon really the calculation of our unit of value, if I may say so. As such this Bill ought to be considered by this House before the Budget is considered, because it is inextricably mixed up with the Budget. Is it the intention of Government that this delay should have this disadvantage that it should become favourable in the sense of showing greater price adjustment for the *de facto* ratio? I live in a room where little birds come every morning, and a little bird came and told me two days ago—I hope it was not making a true prophecy—that the idea of keeping back this Bill is to set one province against another, and that the Government propose to do in the following manner. If I am wrong I beg to be forgiven. But is it the intention of Government to present the Bill in a manner which will put us on the horns of a dilemma? Will the provinces be told, with a view to accept the 18d ratio, that there will be so much surplus which will go to reduce provincial contributions? Will Madras be told "Well, Madras look here you must support the Currency Bill because that leaves a surplus so that the Madras contribution becomes less and the Bombay contribution becomes greater?" So that the principle of divide and rule in a short compass will be applied to the consideration of this Bill. Is it the intention of Government to do these things,

[Mr. M. R. Jayakar.]

as my friend, Mr. Srinivasa Iyengar, said, to do a considerable amount of lobbying on these questions, setting up one province against another? If it is not so, may I know what is the reason for reversing this most natural order of things? If you come to this House and block its decision on a most important Bill which enters into almost every figure of the Budget—because we understand the rupee to be the unit of value for the whole of India—if instead of having the most natural order, you keep up your sleeve the Bill until such time as you propose to bring it before the House, which is the time when possibly the provincial issues will be cast in an iron manner, I do say, Sir, that it is a most flagrant breach of the promises which were made by the Government on the last occasion. We do desire—and I am voicing the sentiments of a very large section of our countrymen—that this Bill should be presented to this House in an atmosphere of cool and dispassionate detachment, at a time when no issues are likely to arise which involve the setting up of one province against another, which raise those sordid elements in one province against another, which raise the cupidity of one province against another; if I may say so, in an atmosphere when the plain issues of this Bill alone will be considered on its merits as they affect the whole of India, not one province against another; and I submit, Sir, the Government are depriving this House of the dispassionate and cool atmosphere in keeping back this Bill for such a long time.

There is another ground that I would urge why Government should have presented this Bill now. Speaking to a bench of Englishmen, may I quote: "It is one of those issues which by fear of change perplexes the country" as one of your poets has said. It is causing much agony and suspense that such an important question should be kept aside, when the Bill should have been presented to this House within the first week or two of the present Session. Instead of doing that the Government are keeping back the Bill; and I fear, Sir, it will come at a time when there will be very little chance of having the plain issues considered apart from the consideration of other matters. On these grounds, Sir, I support the motion for adjournment.

The Honourable Sir Basil Blackett: Sir, while recognising the strength of the objections that were voiced by my Honourable friend the Leader of the House against this motion this morning, I cannot help feeling in my personal capacity some pleasure in knowing that this motion has slipped through the narrow meshes of that sieve with which you, Sir, cry all the suggestions for motions for adjournment, because it gives me an opportunity of attempting to dispel some at any rate of that fog of prejudice which it is being sought to create in regard to the Government's decision on the question of the order in which the Currency Bill is to be taken up. I think there has been some genuine misapprehension on this subject. But that I should have thought would have been cleared by the full statement that was made of the Government's reasons for their decision in the House yesterday. On a previous occasion, when it came up. Mr. Jinnah in particular used some rather strong language; but I cannot help thinking that in the light of the further knowledge which is now open to him, he must feel that some at any rate of the things that he said were not entirely justified; and I do feel that the whole House ought to realise that if they give that calm deliberation to this subject which I agree with Mr. Jayakar in regarding as desirable—though I am not so optimistic as

he is in thinking that it is probable—they will see that any other course than that chosen by Government would have been unfair both to the House and to the Government and would have compelled this House to discuss the question of the ratio while in the dark as to some very important and relevant facts and figures. I can well understand that it is unpleasant for those who advocate a different ratio from 18d. to be brought face to face with the fact that a lower ratio not only plays havoc with every budget in the country, but also plays havoc with the Government's policy, in which they have the full support of the House, of reducing and eventually getting rid of the provincial contributions at the earliest possible moment. That fact exists and is not altered by the date on which the Budget is introduced or on which this Bill is discussed. That fact exists to-day. If the Bill is discussed before the Budget, that fact exists just as much as if the Bill is discussed afterwards. But the Government are surely entitled to bring to the attention of those Members of the House who desire to discuss and decide this question in the interests of India the exact extent and bearing of the ratio on the budget figures; and I think it would have been much more reasonable if this House had brought a motion for adjournment to complain, if the Government had so decided, of the Government's decision to bring the Ratio Bill before the House before introducing the Budget. I have no doubt that that would have happened if that was the position the Government had taken. When, therefore, I hear the accusation made that there is some trickery in this matter, that there is some question of breach of faith on the part of Government, I am inclined to rub my eyes and ask what all this excited language portends. I think it is natural that I should put to myself the further question whether, if there is any trickery in this matter, there has not been some attempt to trick the House into expressing a final view on the question of the ratio in blind blissful ignorance of some very important consequences; and if faith enters into this matter at all, does it not argue a deplorable lack of faith in the advocates of 1s. 4d. if they are so desperately afraid of discussing the ratio in the light of relevant facts and figures? The adjournment has been moved in order to protest against the Government's decision to bring this Bill forward after the budget figures are known to the House. I do not question, no one questions the indubitable right of the Government to choose the order in which it should run its business. I do not question either the right of this House if the order in which the Government chooses to put down its business is likely to cause serious damage to India to make a protest against that decision. If a delay of even two or three weeks were going to damage India seriously in this matter, then there might be some reason in this motion. I should be the last to deny the importance of an early and final decision on the question of the ratio. I have always pressed that the decision should be an early one. I never concealed from myself nor from this House in August last that the decision not to proceed with this Bill at that time had some consequences which must be detrimental both to the market and to India in general owing to the absence during the busy season of absolute certainty as to the continuance of stability of exchange. But it was deliberately decided by this House and accepted by the Government that the advantages of an immediate decision were outweighed by the advantages of postponement in order that there might be no risk of the House rushing into a premature decision on this matter in ignorance or without a complete understanding of the issues involved. Mr Jinnah was one of the foremost on that occasion in pressing that time should be

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given in order that Members of the House might study the minutes of the evidence which were not then available

Mr. M. R. Jayakar: They are not still available.

The Honourable Sir Basil Blackett: I shall be very glad to lend the Honourable Member copies and he can use the next four weeks to read them. The minutes of evidence have been on sale all over the country for at least three months and were available actually before, and so I think the Honourable Member should withdraw that statement. Mr. Jinnah, as I said, was foremost in demanding that time should be given. That was nearly six months ago. Is it unreasonable that the Government should ask for a delay of one month more for precisely similar reasons in order that the House may be able to come to a conclusion on this very important matter in the light of a full understanding of the facts? It is common ground that the reduction of the ratio from 1s. 6d. to 1s. 4d. must have disastrous consequences on the budget

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): No, no, not disastrous.

The Honourable Sir Basil Blackett: If that is contested, then does it not absolutely prove that it is necessary that the budget figures should be before the House before it comes to a conclusion on this very important matter? The effect on the Budget is the same whatever the date of the decision on the ratio. It is not the Government which is responsible for this Bill coming up for discussion in a Budget Session. It was the deliberate decision of the last House. From the moment that that decision was taken it was absolutely inevitable that the Budget for 1926-27 should be prepared on the basis of 1s. 6d. No other course was possible. All the proceedings of the Standing Finance Committees have naturally had to be conducted on the basis of 1s. 6d. for the Budget. All the figures that were put before the Standing Finance Committee were necessarily on that basis. There could be no possibility of putting the figures on any other basis before that Committee, at whatever moment at the earliest possible date in this Session the Currency Bill had been discussed. If there was a decision now, and that decision were in favour of 1s. 4d. the Demands for Grants would have to be presented to this House in exactly the same form as if there was no such decision. It is quite impossible to alter the figures at this date. I agree that there are difficulties owing to the fact that the ratio was not decided last August but it is quite impossible to avoid those difficulties, and the question was whether any advantage was to be gained by a discussion or a decision on the ratio before the Budget was introduced when the Government would have been in possession of facts and figures which they could not disclose to the House without disclosing the contents of the Budget and when a decision could not alter the fact that the Budget would still have to be presented to the House with figures on the 1s. 6d. basis. The position, I think, is perfectly obvious. There was no choice but to prepare the Budget on the 1s. 6d. basis. That was the deliberate decision of the last Assembly. If we had brought this question of the ratio up before the Budget, we should have been working in the dark as to figures which the Government would possess but would not be able to disclose. Certainly inconveniences are involved in discussing some

of the budget figures in advance of the ratio, but that was an inconvenience which was the inevitable consequence of the decision of the House last August, to postpone the decision on the ratio. I do not understand what the last speaker. Mr. Jayakar, was referring to when he said that there was some breach of promise on my part in this matter. I found it difficult to know when he was quoting me, though I sometimes recognised my prosaic phrases among his more polished ones, but I heard nothing which even remotely suggested to my mind that any promise had been given either by myself or by any other Member of the Government or on behalf of the Government that the Currency Bill would be brought up for discussion before the Budget was introduced

Mr. M. R. Jayakar: I meant to say, Sir, that the Honourable the Finance Member said that the Bill would be presented in an atmosphere in which it would not be regarded as a *fait accompli*.

The Honourable Sir Basil Blackett: I think my argument was that the advantages of bringing it up in August last were that it was very difficult not to prejudice the issue in favour of 1s. 6d. if the Bill was postponed from last August till a later date, because the main argument of the opponents of 1s. 6d. at that time was that it was not too late to change as prices had not settled down. That has nothing whatever to do with the question whether it should be brought in before or after the Budget. I pressed at that time, in view of the importance to the market, for an immediate decision. I agree that it is very important, and it is a matter which I have always stressed. But after six months' postponement last August, for the express purpose of securing a decision in the light of fuller knowledge and understanding, I claim that there is complete justification for a further postponement of one month on precisely similar grounds. The market and the whole of India are immensely interested in an early decision, and there is no conflict of view in this House that that decision ought to be taken in this Session. But even more important than a decision to-day or to-morrow, is a right decision, and if a right decision is to be reached, the whole facts ought to be clearly before those who are going to decide. Why has a decision this month suddenly become vital? It was not vital, though it was very important last August; it is not vital now, surely, that the decision should be taken on the 8th or 9th of February, rather than on the 7th or the 8th, or the 9th of March. The market long ago realised that, once the Bill was postponed last August, it must necessarily continue to work in a state of uncertainty, for a time. That state of uncertainty will continue no doubt for another month. The speculators to whom Mr. Srinivasa Iyengar referred will no doubt find postponement of their cherished hope of profit out of persuading the Legislature to reduce the rate to 1s. 4d. uncomfortable, especially if they are speculating with borrowed capital. But we are not here to consider the interests of the speculator. We are here to consider the interests of the honest merchant and trader and of India as a whole, and they, unlike the speculator, are interested in a right decision. I claim that if that decision is to be a right one it should be one taken in the light of all the available facts. Any attempt to obscure those facts can only lead to a risk of the decision being a wrong one. I submit, Sir, that if the meaning and purpose of this

[Sir Basil Blackett.]

motion are clearly analysed, it comes simply to this, that the House is, being asked to censure the Government for refusing to allow the House to run the risk of being misled. I feel confident that the House will not support the motion. (Applause.)

Sir Purshotamdas Thakurdas (Indian Merchants Chamber: Indian Commerce): Sir, I support the motion that the House do adjourn because I feel very strongly that the decision of Government to delay consideration of the Currency Bill till the 7th March, is without precedent, is unjustified and requires this House to follow an unnatural method of voting the two Budgets. It will hamper due consideration of the correct standard of value to be put on the Statute-book and to that extent it is a source of grave danger in the interests of the country. Sir, on the 25th of last month, when the Honourable the Finance Member made his first speech he told us of a startling discovery that he had made, that there was a general feeling in the House that the Currency Bill should not be brought up for consideration till after the general Budget was introduced. When he found Member after Member on this side of the House rising from his seat and disowning any knowledge of the sort of opinion which seems to have influenced the Honourable the Finance Member in the decision that he then announced, he very soon found the Honourable the Leader of the House run to his rescue. The Honourable the Leader of the House then said:

"I must really ask the House, however, to bear in mind that no Government can hand over the carriage of its own case to the House. The Government must observe their reasonable rights in these matters, just as the carriage of a case is with the plaintiff, if he is the plaintiff, and not with the defendant. However, I have no doubt that the observations that have fallen from Members of this House in this debate will receive careful consideration of Government."

The result, Sir, of that "careful consideration" was announced to us yesterday. The Honourable the Finance Member asked why has it become necessary to have a decision of this House on the ratio on the 7th or 8th of this month. I do not know what insinuation the Finance Member meant in that remark of his, but I may tell him that ever since the 25th of last month leaders of the various parties on this side of the House have been in communication with the Honourable the Leader of the House, and in case the Honourable the Finance Member does not know what has transpired by way of persuasion between them behind the scenes in the Lobby, I am quite prepared to give him the information. It is only, Sir, because of this consideration given to the Leader of the House by some of our leading members that the Finance Member is able to get up to-day and say, what is the significance of taking up the Currency Bill now, and not some time in March.

The Honourable Sir Basil Blackett: I may say that I was fully informed of a great deal that went on in the Lobbies, perhaps some of it not known to other people.

Sir Purshotamdas Thakurdas: I wonder what the Finance Member refers to. Let him say it frankly; but what I refer to is what happened between the leaders of the various parties on this side of the House and the Leader of the House, the Honourable the Home Member, Sir. The fact of the matter is, Sir, that ever since the 25th, when this House came

to know that the Finance Member wanted the support of something in the Budget in order to get his 1s. 6d. ratio, ever since that moment, there has been a strong feeling on this side of the House that that artificial support to that ratio should not be made available to him, the reasons for which, Sir, I propose to put forward to the House forthwith. It now, Sir, comes to this, that the Government who have the privilege of arranging the business of the House have decided to abuse that privilege. Various Members on this side of the House got up and told the Government that they never gave the impression to the Finance Member that the Budget and the Ratio Bill should come up together. The Government however now say—and we had it to-day very plainly from the Finance Member—that the inducement of provincial contributions and anything else which might go with the next Budget, which it is for the Finance Member again to make up and put before the House, is absolutely necessary in order that the House may approve of the 1s. 6d. ratio. It is to that, that the House has very strongly objected

The Honourable Sir Basil Blackett: Why?

Sir Purshotamdas Thakurdas: The reason is clear. The ratio is not for one Budget but for 50 Budgets and more, and the Finance Member at least ought to know that instead of asking that question.

The Honourable Sir Basil Blackett: I still ask, why?

Sir Purshotamdas Thakurdas: May I ask whether the Finance Member is prepared to guarantee that with 1s. 6d. on the Statute-book there will be no more deficit Budgets even after he has left India? Or is he only anxious to balance the Budget for the period of his office and let the deluge come upon us after that? We are, Sir, concerned with the correct ratio which will tend to the prosperity of the country as a whole and for good. We are all concerned with provincial contributions, and my province is concerned most because it comes last. But I do not wish, Sir, to say more on that to-day because my time is limited. My point to-day is to make out that the step which the Government have taken is absolutely unjustified and is without parallel in the history even of the Government of India. Now, Sir, what has happened since the 25th of January? The Finance Member proposed to put off the question of the ratio for 40 days. Let us see what the Finance Member did at the August Session of the Assembly; I am quoting from page 211 of the Official Report, and it is his speech on the 23rd of August. He there said, Sir—

“The substitution of certainty for uncertainty will be welcomed by every one and cannot fail to bring economic and social benefit to the country as a whole. Instability inevitably brings undeserved losses upon the people of a country and it is only the speculator and the profiteer who can gain thereby, at the expense of both the producer and the consumer. As I have already said, I do not propose to pursue the question of the rate further at this stage, and argue the reasons for preferring 1s. 6d. to any other rate. The only point which I make is that stability of the rupee ensured by Statute is desirable and desirable at once.”

The Honourable Sir Basil Blackett: What did you say?

Sir Purshotamdas Thakurdas: It does not matter what I said. I did not say a word and if the Finance Member has forgotten he may look up the proceedings. What is the good of asking me what I said?

The Honourable Sir Basil Blackett: Why did you not protest against postponement?

Sir Purshotamdas Thakurdas: I did not protest against postponement for the obvious reason, Sir, that the Finance Member got the Government of India to put the Assembly in the most unenviable of all positions, namely, by giving a few members a copy of the Report less than a month before, and the evidence and the appendices only 10 days before. It does not lie in the mouth of the Finance Member who treated the Assembly so badly last August to complain that I did not protest. How could I when he himself dare not press his own view although he was so anxious to. Then, Sir, on page 214, the Finance Member goes on and says:

"Once the report was issued, no option remained for the Government but to announce that, pending consultation with the Legislature, they would maintain the ratio at 1s. 6d., and once they had made this announcement, it was essential that the interval before consultation took place should be as short as could reasonably be arranged. It is true that with a good monsoon exchange is now showing strength and that during the next six months any action by the Government to maintain exchange is likely to take the form of action to prevent its rising above 1s. 6 3/16d. as in 1924 and 1925 and that a fall is unlikely, so that no question of the sale of sterling is expected to arise during that period."

That is, Sir, the importance he gave to time in considering the question of the ratio. Five months after that have passed by. The Assembly met last month, and the Finance Member, Sir, now finds it necessary to postpone consideration of the Currency Bill until there is something in addition which he can put before the Assembly in order to make his 1s. 6d. even a ratio which can be tolerated by the Assembly. Instead of his finding himself in the enviable position of having to oblige India by keeping the exchange from going over 1s. 6 3/16d., as he very optimistically expected last August, he had the greatest of difficulties in maintaining exchange at 1s. 5½d. and in preventing it from going below that lower gold point of 1s. 6d. He had, Sir, to part with India's resources to the extent of £16 millions in this, and unless he now finds some method by which he can please the Assembly by an extra present, temporary and short-sighted though it may be, I say that he is afraid of approaching the Assembly. That, Sir, is the reason why he has got the Government of India to postpone the consideration of the Ratio Bill until next March. That, I submit, is the clue, and I say that that should not be tolerated by the House. We on this side of the House clearly saw through this game on the 25th January last and we felt that the earliest possible opportunity must be taken in order to expose this trickery. Now, Sir, this much for the unworthy part of the Government in this, the manipulation of the arrangement of the business before this House. I have not the least doubt that when the Ratio Bill is considered on its merits, as it is bound to be by this same House, all these manœuvres will be borne in mind.

But now, Sir, I propose to say a few words regarding the practical difficulties involved by the Government's decision. We are asked, Sir, to vote the Railway Budget. The Railway Budget, if it is framed on a 1s. 4d. basis, or if the ratio is changed to 1s. 4d. afterwards, will involve an additional expenditure on the revenue side to the extent of about a crore. (*The Honourable Sir Basil Blackett:* "More.") On the capital side it will involve an expenditure, an extra expenditure of a crore and a half. (*The Honourable Sir Basil Blackett:* "Far more.") Well; that is enough for my purposes and is from figures given to the Currency Commission: the Honourable the Finance Member must not interrupt me as my time is limited. Now, Sir, I ask, is this the right way to deal with a

commercial Budget, a Budget which you have been imploring Members of this House not to treat as a political question? Is this the right way to deal with it? How are Members on this side of the House, Sir, to make cuts? Supposing they wanted the 1s. 4d. basis; how are they to make, cuts if the present Budget is presented on the basis of 1s. 6d.? That is the question; but the most surprising part of it all is, Sir, that ever since the period the Government of India started presenting Budgets, I would like the Finance Member to name me any period or any year, when, after the presentation of the Budget and the introduction of the Finance Bill, any other Bill has ever been introduced or considered by this House until the Finance Bill left the House for the other Chamber. What is now proposed to be done? On the 7th March, Sir, the Currency Bill is to be brought in. That Bill is a contentious Bill. There is a difference of opinion on it. There is a strong Indian opinion that this ratio cannot be put on the Statute-book. It may take two days, it may take a little more. It may have to be referred to a Select Committee. The Finance Bill, Sir, must leave this House and go to the other House and must be passed into law before the 31st March. Now, I ask Government Members on the opposite Bench whether from a practical point of view they are not really trying to stampede this House if there is a difference of opinion? (*The Honourable Sir Basil Blackett*: "No.") What is the good of saying "No", Sir? It is good enough to say "No" at present. Where is the time? All these years we have been told that after the 1st March until the 20th March, until the Finance Bill leaves this House, nothing else can be considered. The Members on this side of the House have always bowed to it. No non-official day even for the most urgent matter has been given during this period: now, because it suits the Finance Member, who wants to enlist non-official support for what is a lame suggestion of his, namely, the 1s. 6d. ratio, you make room for it; and if there happens to be a substantial difference of opinion, you will then tell this House, "The Finance Bill must be passed by both the Houses this month. Therefore you must pass this Budget. We shall look into the question of the ratio next year". This is the sort of stability, Sir, that the Finance Member is very anxious to give us. All that he wants is: "India may have stability, but only on the terms which the Finance Member wants". Indian India says: "India will take stability at the rate which suits India and not at anybody's bidding". That is the reason for the motion of adjournment, and I support that the House do adjourn.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, I wholeheartedly support the motion for adjournment moved by the President of the Indian National Congress. The entire public opinion in this country is behind this motion for adjournment; the President of the Indian National Congress represents the considered opinion of the educated community and the masses of the people of this country. (*Honourable Members*: "Question?") Sir, Government are breathing hot and cold in this matter. (*Honourable Members*: "Question?") You will soon know it—they are breathing both hot and cold on the question of this Bill. In August last nothing was so important as the immediate passage of this Bill. The interest of all India, we were told, required that then, in August, we should settle the Bill once for all. That was for the good of India. Now it suits the Finance Member to say that we shall not consider it for nearly two months after the opening of this Session—it does not matter—and even that is of course for the good of India. If you delay it, then it is for our good; if you hurry it, it is for our good; only if the delay and,

[Mr. Jamnadas M. Mehta.]

hurry are at the bidding of the Finance Member. I think this kind of breathing hot and cold in the same breath is a thing which is an insult to the intelligence of the House. The Finance Member is putting the cart before the horse, and the House is not going to allow him to do it. Sir, he knows and the country knows that the Currency Bill should be regarded as a matter of permanent importance, that it affects the financial policy of the Government; that being so the Currency Bill should not be tied down to the chariot wheel of a single year's Budget. What the Finance Member said is that he wants to tie down this question of the ratio and of the currency to the chariot wheel of the next Budget. I say, Sir, this is a most unnatural thing. The ratio question is a matter of importance for all time to come; and the Finance Member knows it, (*The Honourable Sir Basil Blackett*: "Hear, hear".) I am glad you say "Hear, hear", but you seem to be deaf all the same, because it is a most unnatural thing in the world that if you regard it as a matter of permanent importance you should tie yourself down to the momentary question of a single year's Budget; and yet that is what you are doing. Sir, the Finance Member is convinced that 1s. 6d. is the best ratio. If that is so, why does he not place its beneficence forthwith on the Statute-book to-day? If that is the best for the country, why do you deprive us of its beneficence even for a single day? If on the contrary, it is not the best ratio, why prolong its iniquitous career for a day more than is necessary? That is the question. If you think it is good, come here and now; if it is bad, come here and now. But you know if you come here to-day, you will affect your complacency in a moment that you cannot contemplate with equanimity. Sir, there is the further question of the convenience or inconvenience to which this House will be put, as Sir Purshotamdas Thakurdas has very ably shown. If the question of the ratio is a matter of great importance, then where is the time after the 7th of March when that Bill can be considered in detail and in fullness? Members will have the budget figures, piles of books weighing about one ton, to be studied, mastered and debated in the course of two or three weeks; and side by side we will have running parallel a Bill the importance of which has not been exaggerated by anyone. How can the House do it in the short time at its disposal and why should the Government hustle us in that manner. The pros and cons of the ratio are given by the Currency Commission in their Report. If 1s. 6d. is so beneficial, its results are stated in all the fulness, all the detail in the Report of the Currency Commission; the Members who want to study the beneficence of that Ratio will find it stated there. If they are true, we will be able to understand. If, on the other hand, they are not true, our opinion is not going to be changed because of a single year's figures. In a temporary period of twelve months you who can manipulate the currency will manipulate the Budget and try to show that the fate of India hangs on this Budget and therefore you please try and have 1s. 6d. That is the most unnatural way, the most unreasonable way, which a Government conscious of its strength will ever adopt. If you are conscious of the truth and the strength of your case, this is not the manner in which you should proceed. Therefore, your procedure deserves the greatest condemnation and this House should adjourn as a protest.

The Honourable Sir Charles Innes (Member for Commerce and Railways): Sir, what impresses a layman who does not pretend to be an expert in currency matters is the heat which these currency matters seem to engender. I have done my best to understand why Sir Purshotamdas

Thakurdas and Mr. Jamnadas Mehta attach such importance to the bringing on of the discussion of this Bill at a very early date. I understand that the feeling behind their speeches is this. They feel that the Government are taking an unfair advantage of their position as the Government and that they are trying to trick the House; as Mr. Jamnadas Mehta put it, they are trying to get this ratio Bill, which we all admit to be a Bill of the greatest importance, a Bill which is going to settle once and for all, the ratio for India, considered in the light of a single Budget. That, I understand, was the point tried to be made both by Sir Purshotamdas Thakurdas and Mr. Jamnadas Mehta. Well, Sir, I may say that we in the Government did recognise that we were likely to give rise to that impression, but nevertheless we decided that it was right that we should bring on this Bill on the date we mentioned. It is perfectly true that the question of ratio should not be decided in the light of figures of a single Budget. At the same time, you cannot call a question of ratio a question of principle. I think everybody will admit that whether we adopt 1s. 4d. or 1s. 6d. depends upon the balance of advantages and we definitely decided in the Government that the House would be able to decide in which way the advantages lay only if they had the facts before them. It may be, as Sir Purshotamdas Thakurdas says, that that lets us open to the charge that we are offering the House the inducement on the one side of having provincial contributions lessened or taken away altogether, and on the other hand their choice of taking the 1s. 4d. ratio. But, Sir, surely it is a relevant consideration that if you revert to 1s. 4d. you may have to postpone the liquidation of your provincial contributions,

and surely the House should know how the facts lie in that matter
 5 P.M. Similarly, the House should know in the light of the Budget whether the reversion to 1s. 4d. means additional taxation, or whether it means the postponement of useful measures of reduction of taxation. Surely again the House should know whether reversion to 1s. 4d. means the slowing up of railway development. I should like to assure the House that that was the only consideration which weighed with the Government when we decided on this date. We thought that before the House came to a decision on this important matter, they ought to be able to balance up for themselves the advantages one way and the other, and we felt assured that they could not balance the advantages unless they had the facts before them. There was no other consideration at the back of their minds. I am quite prepared to admit, as Sir Purshotamdas Thakurdas has put it, that there is bound to be a certain amount of inconvenience, especially in regard to the Railway Budget. Sir Purshotamdas Thakurdas calculated that if we reverted to 1s. 4d. our revenue expenditure on the Railways would be sent up by at least a crore and our capital expenditure by 1½ crores, and he went on to say that when Members have that prospect before them, how can they make cuts in our budget. I have introduced many Railway Budgets and the House will remember that our Railway Budgets when they are put before the House are Budgets which have been scrutinised most carefully by the Railway Finance Committee and I have always tried to get the House to come to the position in which they accept our estimates—for after all they are only estimates—and use their power of moving motions for reductions merely for the purpose of bringing up matters for discussion. That I think is the answer to Sir Purshotamdas Thakurdas. The only point I wish to make now is that I would like the House to feel that we are not trying to trick them in any way at all and that we have decided most deliberately that there is no immediate

[Sir Charles Innes.]

reason, no urgent reason, why this Bill should be brought on at this particular moment and that it is better in the interests of India that when the Bill is considered at any rate the House should know what the immediate effect is going to be on the Budget for 1927-28.

Mr. Arthur Moore (Bengal: European): Sir, I am rather in a difficult position because, when as a new Member for the first time I feel moved to address this House, I find myself very much out of sympathy with the extreme right and the extreme left. I should like to put forward some of the reasons why Government having a perfectly good Bill, as I think it is, should have produced it and some reasons why my Honourable friend on the extreme left should not attack them for postponing it. I have no sympathy at all, Sir,—and I think that there are other Members of this group who have the same feeling—with the way in which Government have handled public business this Session. The Steel Bill was originally, we were told, to come back from Select Committee early last week and this week we were to be considering it. The whole programme was changed when the Bill was postponed for a week. The bottom dropped out of the Government programme. They have nothing to offer us this week, although they have this perfectly good Bill in their possession. Three Members of this group have gone away for the week, because they were assured that there was no real business doing and we all were going round trying to find private Members' Resolutions (*Honourable Members: "Who?"*) to fill Government papers. (*Honourable Members: "Who?"*) Members have been going round and trying to get a chance of putting down Resolutions.

Now, when I turn to the extreme left, I find that I have no more sympathy with their attitude. I am told that amongst those who sit behind the Honourable Member who moved the adjournment there are several who are in favour of 1s. 6d. and I understand that those Members would very much like the discussion postponed till the Budget came on. (*Mr. Jamnadas M. Mehta: "Are you their spokesman?"*) No, I am not their spokesman, but I understand they are being asked; I have read in the papers that they have been asked. I understand that these unfortunate Members are at the moment without a spokesman. I understand that they have been asked in the interests of party discipline to vote for 1s. 4d. and would much prefer to wait till the Budget came on, because then the case would be much more easily arguable on both sides, and whatever vote they gave, they would be able to justify themselves to their constituents who are at present being worked upon by outside agencies. As a simple outsider I should have thought it would be quite a good thing to have this subject treated on its merits and discussed openly; but I find that that is not the case. I find that my Honourable friends who sit at that corner of the House give as their reason for wanting the question to be brought on now before the Budget is introduced that they will be able to have a discussion in what Mr. Javakar called an impartial atmosphere; but it seems to me to be such an extraordinarily impartial atmosphere that it may be described as extremely rarefied. I cannot understand a discussion on currency in which you do not consider provincial contributions. I cannot understand a discussion on currency in which you do not consider whether you will have to raise fresh taxation; how much fresh taxation you will have to raise, and whether if you vote for 1s. 4d. you will give the Finance Member

power to raise that taxation. I find myself in the somewhat paradoxical position, that I have a quarrel to pick with both sides, and as a new Member there is a third paradox that strikes me, and that is that we are having the adjournment moved as a protest. But if we were not here protesting we would have adjourned long ago. Nothing prevents us adjourning but the motion for the adjournment. I am quite sure that the Home and Finance Members wish to adjourn. I am quite sure that Mr. Srinivasa Iyengar wishes to adjourn, therefore I say, Sir, why not adjourn? I have, I hope, quite effectively exposed the misdeeds of the Government and the extremely hollow tactics of the other side, and I suggest that we should now adjourn without further ado.

Mr. M. S. Sesha Ayyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadian Rural): Sir, I am surprised at the indifference with which the Government have chosen to treat the considered opinion of this section of the House. The House may well remember that on the 25th January last, Pandit Madan Mohan Malaviya told the Government that the House was anxious to have an early date fixed for the discussion of this all-important Bill. The Honourable the Finance Member interrupted doubting if that opinion of the House had been expressed in clear terms, and an Honourable Member said he would even bring in an adjournment motion on that point, if necessary. In his speech on the 23rd August, 1926 when on that memorable day he discussed the Currency Bill, this is what he is reported to have said

"What would have been said of us if we had deliberately ignored, flouted, insulted the Legislature? I can hear the torrent of accusation gathering force and rolling forth in the House and in the Press if we had quietly expressed our intention to maintain the ratio of 1s. 6d. without asking for any expression of opinion from the Legislature from August to February."

Now, what has happened? The same torrent of accusation that he visualised has really come to pass because of his action, or I may say inaction. Though the House wanted that this question should be discussed early yet the Government were not pleased to see that an early date was fixed for the debate. I waited to hear the Honourable the Finance Member's answer when the question was raised. The only thing he said was that he pleaded not guilty to the charge of breach of promise levelled by Mr. Javakar and the charge of breach of faith levelled by Mr. Jinnah. I am prepared to accept those statements on their face value. Next he said, "Look here. We, the Government, have power to fix any date we please". We quite admit that you have the power on your side, and we are painfully conscious of the limitations of this side of the House. The only question is, are you using or abusing the power that you have? Next he said, "Look here, if we rush this Bill now, before the Budget time, there may be a necessity for readjustment of the figures in the two Budgets." Is it so difficult a task with your army of accountants behind you, when you have discussed the rates and have come to a definite understanding?

The Honourable Sir Basil Blackett: It is quite impossible before the 28th.

Mr. M. S. Sesha Ayyangar: Lastly he said, "I do not want to rush this Bill through lest we come to a wrong conclusion." We are quite prepared to join issue in this matter. We have not been unaccustomed to the way in which manipulation has been going on so far as currency

[Mr. M. S. Sesha Ayyangar.]

legislation is concerned, and know how ratios have been fixed time after time since the year 1893. It is clear that the rate was one thing and the rate at which the rupee was sought to be stabilised by legislation was a different thing. We are not unaccustomed to the ways of Government in respect of this matter. In 1893-94 when the exchange value was 1s. 2.546d. the Government fixed it at the ratio of 16 pence, and in 1920, when it was really 1s. 4 $\frac{1}{8}$ d. Government rushed through legislation wanting to maintain the rate at 24 pence. Even Government have had to admit the evils following out of that legislation. Nearly 55 millions of pounds were wasted in 1920 over the Reverse Councils. At whose cost? At the cost of the Indian taxpayer. England always profits and India invariably suffers.

The Honourable Sir Basil Blackett: I should like to have some substantiation of one or two of those remarks.

Mr. M. S. Sesha Ayyangar: I have the figures here, and I certainly can substantiate them. Then, so far as the present rate is concerned, in October, 1924, exchange stood at 1s. and 4 $\frac{1}{2}$ d. Government could not then think of attempting to stabilise the rupee. They waited for a higher rate and when they got the higher rate, by artificial means, by careful manipulation, they have tried to fix the ratio at 1s. 6d. I have known what was being done from time to time and I would invite the attention of this House

The Honourable Sir Basil Blackett: I should like to have your ruling how far all this is in order.

Mr. President: Order, order. The question is not whether the ratio should be 1s. 4d. or 1s. 6d. The question before the House is the motion for adjournment.

Mr. M. S. Sesha Ayyangar: Sir, when the Honourable the Finance Member replied to our observations saying that we may be led to wrong conclusions by taking up this matter early, I was simply suggesting to the House that we were not unaccustomed as to how the ratio came to be fixed up time after time. I am not going to pursue the matter further. In 1925 and 1926 they say the rupee stood at 1s. 6d., in 1927 they say the rupee is stabilized at eighteen pence. Now, how do we explain that position, Sir? We maintain that the rupee has been artificially kept up at that rate. All these years, when the figures stood at a low rate of exchange, they always tried to maintain the high rate which was beneficial to them. So it was for these reasons we wanted to hasten the discussion and wanted a date fixed so that we could completely discuss this point. But the Honourable the Finance Member is aware, as the result of the circulation of the Bill, that the whole country unanimously wants a certain definite lower ratio to be fixed and also that they are for a gold standard and a gold currency. The question ought not to be delayed any further; I submit for these reasons I have great pleasure in supporting the motion for adjournment.

Dr. L. K. Hyder (Agra Division: Muhammadan Rural): Sir, I rise to oppose this motion. I am sorry that, in discussing this question, as has been pointed out by the Honourable the Commerce Member, much feeling has been aroused. I think this question requires a calmer atmosphere.

It is no doubt true that the House last August wanted more time, but I wish to remind some of the Members of this House that this is a new House, its composition is not the same as it was in August last. Therefore, Sir, some of the Members who were, not Members of the last House do require more time to go into it. It has been said, Sir, that the 7th of March is not a very suitable date. Is it because it falls in the month of March and the Members are afraid of the Ides of March? With regard to the merits, of the question whether ratio should be 16d. or 18d. I think one date is as good as another date and since a date has been announced, I think, Sir, an uneasiness about that particular date certainly would create in the mind of a cynic the feeling that the arguments are not all effective and there is some doubt on the side of the advocates of the sixteen penny rupee.

An Honourable Member: I move that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. S. Srinivasa Iyengar: Sir, I do not think I need answer the remarks made by the Finance Member because I must say I am thoroughly unrepentant and I am thoroughly unconvinced by any observations which were made on the other side. Of course we have not got a Secretariat behind us and we have not got a whole library and various appliances and apparatus for the purpose of studying this question. There was no wonder, therefore, that the Members of the last Assembly did ask for some time in order to enable them to make up their minds, and that was a very proper request to make. To go and say that simply because the Members of the last Assembly on the last occasion made a request like that, which was a very reasonable request, and was agreed to, therefore this Assembly should pay the penalty for it, and even when most of the Members who have been able to judge of this question have come to a decision one way or another upon this question, even then that the business of the House should be delayed on such a matter of vital importance, is a serious thing. The Honourable Sir Charles Innes said that the only reason and the only purpose that induced the Government to delay this matter, though they considered it was open to misrepresentation, was, they had to make up their own minds and see whether the Budget could be at 1s. 6d. or 1s. 4d. I think that is hardly an argument which requires serious consideration because I have no doubt that, so far as the Finance Member is concerned—and I take it the Government of India stands committed to his views—he is the expert who has studied this question, and the findings of the Commission are there, and this is their policy, and whatever the object, I have not the slightest doubt the conclusion of the Government of India was in favour of 1s. 6d. It is the policy of the Government of India, and the Government seldom changes its attitude when it has pronounced it; even if it is convinced it is wrong, it seldom changes. As I know perfectly well the gentlemen who form the Government do change their opinions, do sometimes feel convinced that they are wrong, but nevertheless as a matter of etiquette they are obliged to adhere to the policy of Government. None knows that better than myself, and, therefore, I say they had long ago made up their minds on this point and it is simply idle to contend, as has been contended on the floor of this House, that

[Mr. S. Srinivasa Iyengar.]

they had to make up a Budget and therefore it was necessary they should have all the figures and look up all these things. I submit the real reason and the real purpose on this side of the House for such delay as there has been is for fuller information, for better knowledge of the subject. We have been trying to consider this from all aspects of view, to judge of the just adjustment of all interests of the country and there has been that unavoidable delay on this side. On the other side there has been no reason for that delay. On the last occasion when Sir Purshotamdas and Mr. Jinnah raised this issue they said Government would make a statement. We all understood it to mean that they would be willing to put down an earlier date than the budget date, though some of us may have had a shrewd suspicion, the English language being what it is and the Honourable the Home Member's statement being what it was

The Honourable Sir Alexander Muddiman: What was the statement I made? I ask the Honourable Member what statement he is challenging.

Mr. S. Srinivasa Iyengar: The statement made on the last occasion that Government would fix a date.

The Honourable Sir Alexander Muddiman: If the Honourable Member suggests that I had made up my mind at that time, he suggests that which is not true.

Mr. S. Srinivasa Iyengar: Very well, I do not suggest he had made up his mind; but Honourable Members, some of us at least, certainly understood an earlier date would be given. That was certainly the impression and, if the words were incapable of that interpretation, I think it should have been made quite clear, and it was not made quite clear. I do not say the Honourable the Home Member had any other intention when he made that statement, but I am perfectly certain that that statement was a very ambiguous statement, to say the least of it, and, therefore, we did wait for an explicit pronouncement on this point; when the decision was made, and when that statement was made, then was the time to express our opinion on this question. I submit on this matter it is not a question of feeling, it is not a question of heat. I think some of the Members who spoke on that side imagined that there was a great deal of heat on this side, but I do not think this was so; but there is greater heat on the other side, and my own belief is that this is disadvantageous to the House. The course adopted may be right from the Government's point of view but certainly it is not the country's point of view. The course adopted is injurious to the best interests of the country. We want stability and we want this question disentangled from all other questions and judged on its own merits. Naturally observations were made by Mr. Jayakar and others that this question enables the various influences to combine, the voting strength of one side or the other to operate, but it is our business really on a matter like this to get rid of irrelevant and alien considerations and look at this question as a scientific question and decide it having regard to the totality of the interests of this country. That is the question with which we are faced and it was in that spirit and in that spirit only that those of us on this side of the House have tabled this motion; and I am perfectly certain that the House understands that the responsibility for the currency policy of this country—the if the Assembly is, as I understand, a representative institution—the

responsibility of this side of the House is as great, if not greater, than that of the opposite Benches. We have been asked to assume a greater responsibility by a great authority the other day, than that expressed in the Statute. Assuming it and seeing that there is nothing in the Rules of Business beyond the fact that certain days should be set down as official days and others as non-official and that certain classes of business should be put down, on certain dates, I dispute the right of the Government, independently of the opinion of the House, to choose any day it likes for its motion to take the Bill into consideration. It may have to fix the dates for official and non-official business and it may regulate its classes of business; but the particular point I am urging is perfectly plain on the rules. Apart from that, Sir, I submit also that if the House were by a majority to decide on a 1s 4d ratio it would be very difficult afterwards to bring in a supplementary Budget. I may point out that from the wording of the Rules it would not be within their purview to bring in anything like that because it cannot be said that this was unforeseen at the time the Budget was considered or that this is found to be subsequently insufficient. On the contrary, it is deliberately, and with our eyes fully open, that we shall pass the Budget knowing full well that what is vital to the Budget is to come afterwards. Therefore, I submit for all these reasons, the arguments urged on this side of the House remain really unanswered, and require all Members of this House to vote upon it to show that this House wants business of this character to be put down at as early a date as it can without being bound down to other considerations which it cannot wait for.

The Honourable Sir Basil Blackett: Sir, I have only two things to say. The first is this, that I heard with the very greatest pleasure the statement made by the President of the Congress that this House has a great responsibility when it comes to vote on the ratio (*Mr. R. K. Shanmukham Chetty*: "More than you have!"); and that he, as I understood, speaking for his Party, is prepared to consider it on its merits, and that the statements that have been made in the Press that the Party have already come to the conclusion to decide the matter on grounds other than merits is untrue. (*Swarajist Members*: "Wholly untrue!") The House has a very great responsibility in this matter and I hope the statement, as I understood it, of my Honourable friend, Mr. Srinivasa Iyengar, that his Party intends to come to a conclusion on the merits of the case is one which will be realised when we do come to vote on the ratio.

The other is simply this. I have never claimed and I do not claim that the question of the effect on a particular Budget is decisive in deciding what the ratio should be. Certainly it is not decisive. A ratio is for all time, as Mr. Jamnadas Mehta said, and the question what ratio should be fixed should be decided from the point of view of what ratio is most for the benefit of the people of India and from no other. But to say that the effect of the ratio on the Budget is one which should be ignored or slurred over in considering what the ratio should be is a statement which I dispute. I say that it is most important that when the House comes to decide on the question of the ratio it should have a perfectly clear understanding of the exact bearing of that ratio on the Budget both for the year and for the future, and that it cannot have that unless the question is discussed after the Budget figures are available. Sir, I have nothing more to say.

Mr. President: The question is that this House do now adjourn.
The Assembly divided:

AYES—52:

Abdul Latif Saheb Farookhi, Mr.
Abdul Matin Chaudhury, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. M. S. Sessa.
Belvi, Mr. D. V.
Chaman Lal Mr.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit Nilakantha
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Gavin-Jones, Mr. T.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Tyengar, Mr. A. Rangaswami.
Tyengar, Mr. S. Srinivasa
Jayakar, Mr. M. R.
Jinnah, Mr. M. A.
Joglah, Mr. Varahagiri Venkata.
Kartar Singh, Sardar.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hriday Nath.
Lahiri Chaudhury, Mr. Dharendra
Kanta.

Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Moore, Mr. Arthur.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Phookun, Srijut Tarun Ram.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir
Rahimtulla, Mr. Fazal Ibrahim.
Rananajaya Singh, Kumar.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Roy, Mr. Bhabendra Chandra
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan
Singha, Kumar Ganganand.
Singha, Mr. Ambika Prasad.
Singha, Mr. Siddheswar.
Sykes, Mr. E. F.
Vishundas, Mr. Harchandrai.

NOES—45.

Abdul Aziz, Khan Bahadur Miran
Abdul Qaiyum, Nawab Sir Sahibzada.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Rao Bahadur N. A.
Gopalaswami.
Ayyangar, Mr. V. K. A. Aravamudha
Bhore, The Honourable Mr. J. W.
Blackett, The Honourable Sir Basil
Clow, Mr. A. G.
Coatman, Mr. J.
Cocke, Mr. H. G.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Ghazanfar Ali Khan, Raja
Ghulam Kadir Khan Dakhani, Mr.
W. M. P.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. I.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hazlett, Mr. J.
Howell, Mr. E. B.

Hussain Shah, Sayyid
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles
Josh, Mr. N. M.
Jowahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Rissaldar Major
and Honorary Captain
Keane, Mr. M.
Lamb, Mr. W. S.
Lindsay, Sir Percy.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Muddiman, The Honourable Sir
Alexander.
Nasir-ud-din Ahmad, Khan Bahadur,
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rajan Bakshi Shah, Khan Bahadur
Makhdur Syed.
Rev. Sir Ganen.
Ruthnaswamy, Mr. M.
Singh, Rai Bahadur S. N.
Tonkinson, Mr. H.
Young, Mr. G. M.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday,
the 9th February, 1927.

LEGISLATIVE ASSEMBLY.

Wednesday, 9th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

ALLEGATIONS AGAINST CERTAIN OFFICIALS OF THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

319. ***Mr. Jamnadas M. Mehta:** (a) What action has been taken by the Agent of the Bombay, Baroda and Central India Railway, regarding the allegations laid by one Mr. J. N. Chinoy against Mr. E. T. Robinson, General Traffic Manager of the Bombay, Baroda and Central India Railway, Mr. H. W. Gree, Deputy General Traffic Manager, Claims, and other officials of the Bombay, Baroda and Central India Railway, referred to in the questions asked in the Assembly of the 3rd February, 1926, by Mr. *Chamanlal and the reply of the Honourable Sir Charles Innes?

(b) Are Government aware that no legal action has up till now been taken against the said Mr. Chinoy, and if so, will Government state why?

The Honourable Sir Charles Innes: The Railway Administration were advised by their counsel that it would be more in consonance with a due sense of proportion in matters of this character to ignore the w'd allegations made by Mr. J. N. Chinoy, and therefore decided, with the concurrence of the Government of India, not to prosecute him.

Mr. Jamnadas M. Mehta: Is it then the view of Government that, when the allegations are very serious, the best thing is not to take any notice of the case? Is that the attitude generally?

The Honourable Sir Charles Innes: No, Sir. All these cases are judged on their merits in the light of the advice given to us by our counsel. I may say that there was no doubt at all that we could have got a conviction in this matter provided publication could be proved satisfactorily, but we decided not to prosecute this gentleman because we were given to understand that his attacks were the product of a disordered imagination.

Mr. Jamnadas M. Mehta: Who advised you in the matter? May we know the name of your counsel? May we also know, Sir, if a lawyer is a fit person to advise that a prosecution should not be undertaken against a man on medical grounds? Is it true, Sir, that when these serious allegations were made and when Government contemplated taking action, one of the officers suddenly left for England prior to his retirement?

The Honourable Sir Charles Innes: If the suggestion is that he left for England in connection with this case, it is entirely untrue.

Mr. Jamnadas M. Mehta: Did he really leave for England or not before clearing up the charges made against him?

The Honourable Sir Charles Innes: I am afraid, I do not know, Sir.

TREATMENT OF THE CHHOTA NAGPUR DIVISION AS A BACKWARD TRACT.

820. ***Mr. Ram Narayan Singh:** (a) Will Government be pleased to state when for the first time the Chhota Nagpur Division in the province of Bihar and Orissa was declared to be a "Backward Tract"? Is it the same period when this portion of the country was first brought into the British possession or at a later date?

(b) Will Government be pleased to lay on the table all the papers containing (i) His Excellency the then Governor General's orders calling for reports about the education and other attainments of the people of this division from the Local Government, (ii) the reports thus received in compliance therewith or submitted by them on their own initiative, and (iii) the decisions made thereon, and (iv) also the papers dealing with and fixing the various kinds of tests and standards prescribed by the Government of India or the British Parliament by which they distinguished in the past and still distinguish to-day the unfortunate people of the non-regulated districts from those of the regulated ones governed in the past and to be governed in future by laws made by the Indian Legislatures and the benevolent British Parliament?

(c) Did Government ever adopt any special measures to qualify the backward people of this division for better and more rights and privileges enjoyed by the people of regulated districts? If so, when and what? What are the results accruing from those measures? Are any of these measures in existence to-day? If so, what and where?

(d) Have Government ever made any inquiry as to the progress made by the people since then? If so, when and with what results? Have the people made any progress? If so, what? Will Government be pleased to state it with facts and figures?

(e) Will Government be pleased to lay on the table the papers, if any, dealing with the steps they took in regard to this division immediately before the last Notification No. 4-G., dated the 3rd January, 1921, declaring this division a "Backward Tract"?

(f) With a view to the growing importance of the Chhota Nagpur Division, will Government be pleased to state whether it is in their contemplation to withdraw the said notification in the near future? If not, do Government propose to consult the Local Government about this matter?

The Honourable Sir Alexander Muddiman: (a) In January, 1921. Before then it was, as it still is, a scheduled district under the Scheduled Districts Act, 1874.

(b) No.

(c) and (d). Relate to matters which primarily concern the Local Government, particularly the transferred side of it.

(e) and (f). The replies to both parts of the Honourable Member's question are in the negative.

CONVERSION OF THE DHANBAD SUB-DIVISION INTO THE DISTRICT OF DHANBAD.

821. ***Mr. Ram Narayan Singh:** Is it a fact that the Government of Bihar and Orissa at the instance of the Mining Associations in the Chhota

Nagpur division have been in correspondence for some time with the Central Government here for declaring the Dhanbad Sub-Division with the vital part of the Hazaribagh District a separate district to be known as the district of Dhanbad? If so, will Government be pleased to lay on the table the said correspondence? Have Government arrived at any decision? If so, what?*

The Honourable Sir Alexander Muddiman: There has been no such correspondence.

ELECTED EUROPEAN MAJORITY IN THE LEGISLATIVE COUNCIL OF KENYA.

* 322 **Pandit Hirday Nath Kunzru:** (a) Are Government aware that the European settlers of Kenya are demanding an elected European majority in the Legislature of that Colony?

(b) Have Government seen the report published recently in newspapers that, "as a result" of this demand it is "fairly certain" that the Governor of Kenya will during his stay in England discuss this question with the Colonial Office, and that the European settlers are confident that this demand will be agreed to?

(c) What steps do Government propose to take in the matter?

Mr. J. W. Bhore: (a) Government are aware that the proposal has been mooted by the leaders of the European non-official community.

(b) Yes

(c) The matter is receiving the attention of the Government of India, who are fully alive to the issues involved.

Mr. Gaya Prasad Singh: Is it not a fact, Sir, that the European settlers in Kenya are in a numerical minority as compared with the Indians?

Mr. J. W. Bhore: I believe that is a fact, Sir

Pandit Hirday Nath Kunzru: May I ask, Sir, whether it is laid down in the White Paper relating to Kenya that at present self-government should not be given to that Colony?

Mr. J. W. Bhore: I believe that that is so.

PUBLICATION OF THE REPORT OF THE FIJI DEPUTATION.

323 ***Pandit Hirday Nath Kunzru:** (a) Now that the negotiations between the Government of India and His Majesty's Government in regard to outstanding grievances of Indians in Fiji have been concluded, when will Government publish the report of the deputation sent by them to Fiji in 1921?

(b) Considering that the negotiations were concluded in May 1926, why was not the correspondence relating to them published earlier in spite of repeated requests made in the Assembly during the last three years for being placed in full possession of all relevant facts as soon as possible?

* **Mr. J. W. Bhore:** (a) The attention of the Honourable Member is invited to the reply given by me to Mr. Gaya Prasad Singh's question No. 245 on the same subject.

(b) The correspondence was published as soon as the concurrence of the Colonial Office and the Government of Fiji was obtained.

Pandit Hirday Nath Kunzru: May I ask, with reference to the answers previously given to a similar question by the Honourable Member, whether the Honourable Sir Narasimha Sarma ever gave the Assembly an undertaking that he would soon publish the Report?

Mr. J. W. Shore: If the Honourable Member will put down a question, I will have the necessary research made and give an answer.

Pandit Hirday Nath Kunzru: May I ask when the Government of India came to know of the opposition of the Fiji Government to the publication of the Report?

Mr. J. W. Shore: For that question also I must have notice, Sir.

SHORT NOTICE QUESTION AND ANSWER.

RELEASE OF POLITICAL DETENUS.

Pandit Motilal Nehru: Sir, I beg to put a question of which I gave short notice to the Honourable the Home Member. Will the Government be pleased to state if they have taken or are contemplating any steps to give effect to the Resolution passed by this House on the 3rd February, recommending the immediate release of persons detained under old Regulations and the Bengal Criminal Law Amendment Act, 1925?

The Honourable Sir Alexander Muddiman: I stated fully in the course of the debate on the Resolution the policy of Government in regard to the release of individual detenues. We are in communication with the Government of Bengal regarding the practical steps required to give effect to that policy.

ELECTION OF MEMBERS TO THE PANEL OF THE STANDING COMMITTEE ON EMIGRATION.

Mr. President: I have to inform Honourable Members that the number of candidates nominated for election to the panel of the Standing Committee on Emigration is equal to the number required, and therefore I announce that the following Members are declared to be duly elected:

Sir Purshotamdas Thakurdas,

Khan Bahadur Haji Abdullah Haji Kasim,

Pandit Nilakantha Das,

Mr. Fazal Ibrahim Rahimtulla,

Mr. N. M. Joshi,

Pandit Hirday Nath Kunzru,

Nawab Sir Sahibzada Abdul Qaiyum,

Dr. B. S. Moonje,

Mr. Ismail Khan,

Lieut.-Colonel H. A. J. Gidney,

Mr. Ambika Prasad Sinha,
 Sir Darcy Lindsay,
 Raja Ghazanfar Ali Khan,
 Rao Bahadur M. C. Rajah,
 Maulvi Abdul Matin Chaudhury, and
 Mr. W. M. P. Ghulam Kadir Khan Dakhan.

DEMANDS FOR EXCESS GRANTS.

INDIAN POSTS AND TELEGRAPHS DEPARTMENT.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move that an excess grant of Rs. 14,28,692 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of the "Indian Posts and Telegraphs Department."

Sir, this excess grant and all the other excess grants which are proposed to be moved to-day were examined at considerable length by the Public Accounts Committee last summer, and Honourable Members will find in paragraphs 5 to 7 on pages 3 to 6 of the Public Accounts Committee's Report a full explanation of the reasons for the excesses in each case with recommendations for improvement on the system where such are thought desirable, ending up with the recommendation by the Assembly to agree to the excess grants. I do not know whether it is desirable to go into details of some of the technical explanations in each case, and I will for the moment not do more than move.

Mr. A. Rangaswami Iyengar (Tanjore cum Trichinopoly: Non-Muham-madan Rural) Sir, on the last occasion in February last year when excess grants were moved, it was understood that the occasion for the motion of excess grants was to be availed of to discuss generally the Report of the Public Accounts Committee and the suggestions and recommendations that they have made in regard to the scrutiny of the Audit and Appropriation Reports of the Government of India. My friend the Honourable the Finance Member to-day has contented himself with moving in the boldest manner he can find a motion for granting the excess under the Indian Posts and Telegraphs Department. I desire to know, Sir, whether it is the intention of the Honourable the Finance Member to leave the Public Accounts Committee Report without any opportunity for discussion in this House and whether we merely come here to endorse what is an accomplished fact. The expenditure under the heads of all excess grants have actually been incurred and what we are asked to do is to regularise an admitted irregularity. Sir, if I am at liberty to discuss the points that have been raised in the Public Accounts Committee generally, not merely under all the excess grants that are to be voted by this House, but on the matters that have been dealt with in the Public Accounts Committee's Report, I have a right to complain, Sir, that the Honourable the Finance Member has allotted very little time for the purpose. Indeed, the manner in which he moved this motion made it clear that he does not expect

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the House nor does he want the House to discuss matters of such importance as are dealt with in the Public Accounts Committee. I find, Sir, that in the Public Accounts Committee's Report for last year, vastly more important questions than those dealt with in the previous year have been commented upon. We have instances, Sir, of cases which require very close further scrutiny and examination by the Public Accounts Committee that has been appointed for this year, cases involving extravagant expenditure, involving half a crore or one crore in some cases. We have had cases, Sir, in which questions have been raised as to the powers of various spending authorities. We have also had cases, Sir, in which the question of reappropriation from voted to non-voted heads and *vice versa* have had to be dealt with and I should have expected, Sir, the Finance Member to have given the House a proper opportunity and to have opened this motion with a general statement of what the Committee over which he presided did generally in the matter of the scrutiny of the Audit and Appropriation Report. One of the important questions, Sir, that has been dealt with in this Report is as to the powers of the Auditor General in India and his relations with the Auditor of the Accounts of the Secretary of State for India in England. I find, Sir, that the Auditor General and the Government of India in one department are practically carrying on a fight in respect of the powers vested in each as to the power to refer matters to the Secretary of State. I find also, Sir, the Auditor-General has raised the question that, in regard to the accounts of the High Commissioner for India, his powers should be statutorily defined and his relations with the Home Auditor should also be defined. These are matters, Sir, in which we think the House has every right to know the constitutional position taken by the Government of India. The Auditor-General, I find, in the course of his evidence bitterly complains that the departments true to the bureaucratic traditions, of which I find the Honourable Mr Young, who is here, was a most tenacious advocate before the Public Accounts Committee, that the department concerned refused to make and prevented him from making a direct reference to the Secretary of State for India on a matter which is certainly very important to this House. He said that, in regard to the allowances of profit and advantage that are made to Governors and Members of Council, defined in the Statute of 1833 and continued since, these profits and advantages could not extend in respect of house rent and house rent allowances that are given to them or in the matter of electric charges and what not. There are a number of cases of this kind in respect of profits and advantages to Governors and Members of Council which, he says, are pending with him and as to which he has been unable to make a reference direct to the Secretary of State. He also says that, so far as his position is concerned, though his position is supposed to be one of independence of the Government of India and he is only subject to the control of the Secretary of State whenever he may choose to exercise it, yet he is told he cannot correspond directly with the Secretary of State on any matters on which he thinks the orders or the instructions of the Secretary of State should be available.

Then again, Sir, as regards the position of the High Commissioner of India, and the accounts that are dealt with by him; he says that it is no doubt true that in practice the Auditor of the accounts of the Secretary of State's Council has in practice been communicating with him in respect of the audit conducted in England in respect of the Home Accounts of the

Secretary of State in Council. As a matter of convention, I admit that the Home Accounts of the Government of India are generally laid before the Public Accounts Committee for perusal. I raised the question, Sir, last year as to the exact powers which the Public Accounts Committee have of perusing these reports and offering recommendations thereon. This has not been dealt with by the Finance Member or the Government. The peculiar position is, Sir, that, whereas in regard to the bulk of the finances of this country that are dealt with in this country, the Auditor-General is found to be not merely a creature of the Secretary of State but in many respects practically under the control of the Government of India; in respect of the very small part of the accounts of this country that are dealt with by the Auditor in England, his position has been, by Statute, meticulously defined to be a man of independence, who ought to be appointed every year and who corresponds in every degree to the position occupied by the Controller and Auditor-General in England, a man who could be removed only by the concurrent votes of both Houses of Parliament. Sir, we think it is high time that these matters should be properly placed before this House and be discussed and I had expected in fact that there was going to be a general discussion of this matter and I do feel still that it would be possible for the Honourable the Finance Member to give a date for the discussion of the very important questions that are raised in this Report. I feel that it would not be right for us merely to pass these excess grants in the very bald way in which he has put it. Sir, I object to the manner in which these excess grants have been brought up before this House and I do not propose to vote these excess grants unless and until we have had an opportunity of full discussion of the whole Report of the Public Accounts Committee.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): Sir, I rise to oppose this Demand. My Honourable friend, Mr. Rangaswami Iyengar, has dealt with the objections at length. I would like to confine myself to the one statement made by the Honourable Sir Basil Blackett that, "because this Demand involves some complicated working of the items, it was not worth while placing the details before this House." How can this House be expected to vote for this Excess Demand which can be criticised both with regard to the policy and the nature of its details, when the Honourable Member who rose to demand it here has not chosen to tell us the details? We are certainly sent here to understand these things and then to give a vote with regard to a Demand if we think it is proper, and I should certainly say that the course adopted by the Honourable Member is open to very serious objection. If he thought that we have all come here simply to nod our heads when it is stated in the House that this involves very complicated working out of the details, he will be very much mistaken; for, as my Honourable friend, Mr. Rangaswami Iyengar, has pointed out, it is the duty of the Finance Member to explain each item, to show how he is entitled to it, and to put the House in possession of all the details. I would appeal to the House not to pass any one of these Demands without knowing the details. It is an insult to every one of us if we are asked to vote in this manner and if we should be voting in this manner.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, I fully agree with the observations which have fallen from my Honourable friend, Mr. Rangaswami Iyengar. Besides going into the questions which have been raised by him, I would like to know why, when within a fortnight

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hence we will have to discuss the main Budget, some of the items that have been included in the Supplementary Demands might not have been left to be considered with the main items of the Budget as they involve questions of policy and commitment of large expenditure. I would just point out one fact by way of illustrating my point. Take the Grant for Aviation.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): On a point of order, Sir, Are we discussing Supplementary Demands?

Mr. B. Das: I am just illustrating my object. Two years ago, when the Cairo-Karachi Aviation scheme was started, we were told that India's liability would be small. Here I find

The Honourable Sir Basil Blackett: I would ask you again on a point of order, Sir. We are discussing the excess grants and I believe the Honourable Member is interested in the supplementaries.

Mr. B. Das: Yes, Sir, I am discussing the policy and I am giving an illustration to show that the Honourable the Finance Member has not given any opportunity to the House to express its opinion on the general policy of the House on Aviation. I am taking that illustration. Here it is stated: "Subject to the question of policy involved being accepted by the Legislative Assembly before whom a separate memorandum will be laid." That is as regards the policy on Aviation. I thought that a memorandum would have been supplied to us this morning, but it is not here on the table. We are asked to give sanction to several lakhs of rupees in respect of the Security Printing Press and so on. There must be something very wrong in the Government estimates that they want so much extra money within a few months. They slyly bring in excess grants involving questions of policy. They bring before the House Supplementary Demands, both capital grants and revenue grants. I want that the whole matter should be discussed later on during the budget time and that it should not be forced out of us by Supplementary Grants. We are told that very slight excess grants are required but under the system of excess grants big policies are given effect to and we are asked to commit ourselves to things which we will not commit ourselves to if we have ample opportunity to go into those things.

The Honourable Sir Basil Blackett: Sir, I have spent several years in trying to get this House, or rather the previous House, to take an interest in the excess grants and in the Report of the Public Accounts Committee. I think the Member who spoke second, Mr. Prakasam, was not in the previous House, but those Members who were in the previous House will not have forgotten that I have more than once tried in connection with the excess grants to raise a general discussion on the Public Accounts Committee's Report and to raise an interest in the House in the sort of questions that are raised by the Public Accounts Committee and it has not been a success. The House has not desired to discuss these matters.. (**Mr. A. Rangaswami Iyengar:** "Question.") I except Mr. Rangaswami Iyengar who was an extraordinarily valuable member of a previous Public Accounts Committee and I rejoice to see him a member of the present one. If I did not set out to give a full explanation of this particular excess grant and of the others when I spoke before it was for two reasons. The

first is that I doubted whether the House wished it. The second is that they have been fully examined by a Committee of this House at great length. They have been carefully gone into with witnesses and that Committee has come to certain conclusions and made a report. It has made certain recommendations for action with a view to preventing a recurrence in some cases of the causes which led to an excess grant which is always for some reason or other objectionable. It is objectionable that money should be spent before it has been voted by this House and it shows some kind of failure of system whenever there is an excess grant. The Public Accounts Committee has made its Report and has given full explanations which are amplified by the evidence which appears at the end of a volume. If there is a general desire on the part of this House on any occasion to have a discussion of the Report of the Public Accounts Committee as a whole I shall be very anxious indeed to press upon my Honourable friend the Leader of the House to give time for such a discussion. But I may say, perhaps regretfully, that this morning is the first time this Session that it has even been suggested to me that the House desires to have a discussion of the Public Accounts Committee's Report.

Mr. Jamnadas M. Mehta (Bombay City. Non-Muhammadan Urban): The House actually discussed it last year.

The Honourable Sir Basil Blackett: It was not intimated to me beforehand that the House would like, on the excess votes, to discuss the Report of the Public Accounts Committee, but I may say that if you, Sir, regard it as in order, I have no objection to a discussion now.

Mr. R. K. Shanmukham Chetty: We have had no notice.

Mr. A. Rangaswami Iyengar: We are hardly in a position to . . .

Mr. President: Order, order. The question is:

"That an excess grant of Rs. 14,28,692 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of the 'Indian Posts and Telegraphs Department'."

The motion was adopted.

SURVEY OF INDIA.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 1,13,327 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of the "Survey of India".

This excess was due in the first place to the fact that the estimates expected certain savings which were not at the end realised and in the second place that an erroneous adjustment amounting to Rs. 42,000 was made in the estimates and had to be rectified in the following year, thus causing an excess of Rs. 42,000 in the expenditure of that year. The third was that larger expenditure took place on Survey parties working for Provincial Governments. The fourth was that less was realised from the sale of maps than was anticipated. The Public Accounts Committee examined the causes for this excess with very considerable care and the

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general upshot of their examination might, I think, be said to have been that information as to the progress of expenditure was not sufficiently early in the hands of the responsible accounting officer. That is a subject which has been given considerable attention to by the Public Accounts Committee from the beginning, namely, the necessity that the officers responsible for keeping within the voted grant should be in a position to know the progress of expenditure. In this case there was an obvious failure of information and it was not until it was too late to ask for a Supplementary Grant that the Department discovered that it was in need of more money than had been voted. A Pay and Accounts Office, in which audit and accounts are separated, has now been established in connection with the Survey of India and we have, I think, very good reasons to share the hope of the Public Accounts Committee that better vigilance will now be exercised and that such excesses due to these causes will not recur.

The motion was adopted.

ARCHÆOLOGY.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 57,702 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Archæology".

In this case the excess is really a matter of accounting. It was decided in the course of the year 1925-26 that the cost of upkeep of certain monuments and gardens in the United Provinces was chargeable to the Central revenues. It had been initially paid from the revenues of the United Provinces. That decision having been arrived at, it was necessary that provision should be made in the Central Budget for meeting this expenditure, and, instead of following a recommendation of the previous Public Accounts Committee that in such a case the expenditure should be repaid in the year after it had been incurred by the presentation of a supplementary estimate or out of money provided by the Assembly in the year 1925-26, the charge was written back to the year 1924-25 in which it had been incurred with the result that there was an excess over the provision for the year 1924-25 under that head and there was no opportunity of presenting a supplementary estimate before the expenditure was incurred so far as the Central Government was concerned. There was a misunderstanding as to the intentions of the Government of India in this case and in future I hope that attention will always be given to the recommendation of the Public Accounts Committee, accepted by the Government of India, that when such an adjustment has to be made it shall not be written back to the previous year but shall be chargeable to the revenue of the year in which the decision was arrived at.

The motion was adopted.

EDUCATION.

The Honourable Sir Basil Blackett: I beg to move that an excess grant of Rs. 1,546 be voted by the Assembly to regularise the expenditure

chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of " Education ".

The excess in this case is an illustration of what is rather a considerable difficulty in our accounting system. There are certain amounts of expenditure which the Government of India incur as the agent of some non-governmental authority, in this case the Rajkumar and Aitchison Colleges, and the system has been that part of the expenditure of those colleges is met out of the grant from the Government of India and the Government of India have been responsible for meeting the expenditure of these colleges as a whole and then recovering from the funds of the colleges a sum in excess of that which is provided from the pocket of the tax-payer of the Central Government: that is to say, the expenditure takes place out of Government money in the first instance, which is recouped when the receipts of the colleges come in, and, provided that the full amount is recouped less the Government grant, everything appears to be in order. But if the sum is not recovered until the year after, the Government have in fact expended a sum which has not been voted by the Assembly. But that is not the only difficulty. It is a very difficult question to answer when one is asked "Under what authority do the Government incur expenditure out of the tax-payer's pocket on account of a non-Government service in advance of the receipt from that non-Government source of the sum with which to meet that expenditure?" We have, as members of the Public Accounts Committee will remember, gone into this question at very considerable length and made certain definite recommendations. In regard to the Rajkumar and Aitchison Colleges we hope we have taken steps which will prevent a recurrence of this excess. On the more general question the further pages of the Public Accounts Committee's Report will be found to be of very considerable interest, but in this particular case we have, we hope, taken steps which will prevent a recurrence of the excess grant.

Mr. A. Rangaswami Iyengar: Sir, I was interested to hear from the Honourable the Finance Member that this question of regularising the excess grants made in respect of expenditure by bodies outside governmental organisations has engaged the attention of the Public Accounts Committee, but I am still unable to see how this Government can take upon itself the responsibility of asking this House for an excess grant in respect of expenditure under any head unless the Government and this House have the authority to scrutinise the accounts of those institutions. It is not merely the case of the Rajkumar and Aitchison Colleges in which I dare say the amounts may be recovered from high personages and dignitaries who are generally the residents there. The question, as the Honourable the Finance Member stated, is one of more general importance. The Government make grants to several institutions and in respect of those institutions they provide for some sort of voice in their control, and if this policy of making grants to industrial concerns is developed so as to include the presence, for instance, of a Government director in these institutions, the matter becomes further complicated and the question to what extent the accounts or the affairs of those institutions should be subject to the audit or scrutiny of Government financial authorities is one which demands far greater attention than the Public Accounts Committee has given to it. And we feel that we in this House ought not to be called upon to make a grant in respect of any matter where it is an excess on the accounts of those bodies unless we have an opportunity to scrutinise those accounts and find out

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for ourselves that that excess has really and justly occurred. By way of analogy I may say that it is not merely in respect of the accounts of the Central Government but in Provincial Governments also, a good deal of laxity prevails in this matter. I can mention to the Honourable the Finance Member an instance in Madras in which the Local Government without rhyme or reason and without any provision in the rules thought fit to advance to a statutory body outside the Government, namely, what is known as the Endowments Board under the Religious Endowment Act in Madras, some money for them to carry on their administration when the Act under which they were constituted was still reserved and was undergoing re-examination at the hands of the Legislature, the Governor and the Governor General. They found that the Act was treated as null and void and that the income which they had expected to derive by reason of the statutory power which they had to levy that revenue could not come to them because the persons assessed contested the legality of the levy in a court of law, and the whole machinery was upset with the result that that institution went without funds and as the Ministry there had set up that organisation, they went out of their way to make a certain loan to them out of the Provincial Advances and Loans Account. I claim that the Local Government has no power to make any advance out of the Provincial Advances and Loans Account except under the four classes specifically described in the Provincial Loans and Accounts Resolutions. What is the position of the Government when it makes advances to an institution which might expend it extravagantly and of whose solvency we have no idea? It may or may not be able to repay the sum. I think all these cases raise a very general question which requires much closer scrutiny than what may possibly be given by the Public Accounts Committee at its sittings comprising a few days. I hope, therefore, that the Government will declare its policy on this matter so that the House may have an opportunity of discussing it.

Nawab Sir Sahibzada Abdul Qaiyum (North-West Frontier Province: Nominated Non-Official): As one interested in education, may I ask the Honourable the Finance Member just a small question, Sir, namely, whether it was the lack of applications for further grants that has brought about such a small demand for extra grants before the House or whether there were any strict instructions issued to the education authorities of the minor administrations under the Government of India, which prevented them from submitting more applications for further grants with the result that this demand for an extra grant has been reduced to Rs. 1,546. I see that even the Department of Archaeology, which is only meant for digging out old ruins and graves, has received Rs. 57,000 extra, while Education, which is the most important subject, has not come up with a larger demand than Rs. 1,546 only.

The Honourable Sir Basil Blackett: I think the answer to my friend Sir Abdul Qaiyum's question as to why Education does not get more than Archaeology is that in Education we are concerned with the training for the future, whereas Archaeology is concerned with the past. This is an excess grant that is entirely concerned with the past. Therefore, one is glad to see that in so far as the two of them have sinned, the sin of the future is less than the sin of the past. The amount of an excess grant is

obviously not a guide to the total amount that is spent in a particular service.

On the general question raised by Mr. Rangaswami Iyengar, it is a very interesting one, though I am not quite sure that it arises directly out of this case. The position in this case is simply that certain receipts did not come in until after the end of the year, so that there was an excess in the amount of the actual expenditure over the amount of the Government grant by this small sum of Rs. 1,500. That sum came in the year after. So there was no final excess taking the two years together over the amount granted by the Assembly in the amount that was actually spent. But the difficulty was that the Government were as a matter of fact spending money as agents, which had not been voted by the Assembly, in the hope of recovering it later, and it is a very doubtful question, I think, whether that is a desirable position, whether the Government ought to be in the position of having money to spend, other than the money voted for the purpose. On the question of the scrutiny of the accounts the position that the Government are inclined to take is this—that when a large grant, which is a large proportion of the total sum available for expenditure by a particular institution or body, is given from the pocket of the Central taxpayer, then either the accounts of that body should be audited by the Auditor General or their accounts should be available for the inspection of the Auditor General and printed together with the Public Accounts Committee Report, or, at any rate, the department of the Government which is concerned with the grant to that body should be in a position to satisfy itself fully that the institution is being properly run and that the amount is being properly expended and should be in a position to answer any questions that may be put to it by the Public Accounts Committee or by the House when there is any doubt on that subject. Obviously you do not want to overload the accounts with the accounts of all the Universities in the country and of the enormous number of bodies in the country to whom the Government may be making comparatively small grants. It must be a question of degree but that a certain scrutiny ought to be maintained by or on behalf of this House over the expenditure of bodies which receive grants is, I think, a broad principle that no one would question. The doubt is as to the extent of the scrutiny.

Mr. Jamnadas M. Mehta: On a point of information, Sir. I want to know from the Finance Member whether the recoveries from these Rajkumars are always equal to the advances made or does this House contribute towards the education of the Rajkumars and they willingly accept the tax-payers' money.

The Honourable Sir Basil Blackett: It is perfectly clear in this case that the whole amount in excess is recovered after the event. There is no question of ultimate charge on the tax-payer. It is merely a question between one year and another.

Mr. President: The question is:

"That an excess grant of Rs. 1,546 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of 'Education'."

The motion was adopted.

CIVIL VETERINARY SERVICES.

The Honourable Sir Basil Blackett: I move that an excess grant of Rs. 18,895 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Civil Veterinary Services".

The excess in this case is explained on page 4 of the Public Accounts Committee Report as due to various small adjustments and also to the action of the officer concerned in spending money in March without sufficient authority, on which the Public Accounts Committee made some not very complimentary remarks. Another point of some interest which arises in this case is that this is in a sense a technical excess. The Government of India in the Finance Department provided out of its reserves a sum sufficient to meet this excess but the Public Accounts Committee had taken the view in the report for a previous year, and it had been accepted by the Government of India, that the fact that the Finance Department has a reserve out of which to meet unexpected excesses of expenditure in various directions does not override the general rule of appropriation that the Government ought not to spend money on any particular voted service in excess of the sum voted for that particular service. Those who are interested in this subject will see in paragraph 12 of the Public Accounts Committee's Report a full discussion of that particular point which, owing to questions as to the exact meaning of the Government of India Act, is still *sub judice*. We have however acted, I may say, in regard to the Supplementary Demands which will be placed before the House after these excess votes have been dealt with, on the assumption that in spite of the legal difficulties it is right that the Government should obtain from this House authority for spending on a particular voted grant the amount they require to be spent on that grant even though they may be able to meet a small excess out of their reserve.

Mr. A. Rangaswami Iyengar: Sir, the Honourable the Finance Member raised in connection with this grant the question of expenditure from the reserves on which the Public Accounts Committee had bestowed attention the year before last. This matter, it was understood, was referred to the Law Department of the Government of India and I understand from the last Public Accounts Committee's Report that the Legislative Department or Law Department—whatever it is called—

The Honourable Sir Basil Blackett: The Legislative Department.

Mr. A. Rangaswami Iyengar: I think it is a wrong name. That department considers that to bring up a grant again in respect of a sum spent out of the reserve which had already been voted could not be strictly legal.

There is, however, another alternative course which it was suggested the Government might take and which we indicated in the previous Public Accounts Committee, namely, to establish a kind of Civil Contingencies Fund, not exactly subject to the vote of the Legislature, except on one occasion, and that that Civil Contingencies Fund should operate as a kind of reservoir into which these sums, as and when they are voted by the Assembly, will be paid back just as is done with a suspense account. That is, I think, a more natural way of dealing with it, for although it is true in respect of what is spent out of the Reserve, the Assembly will be called upon to vote these sums, the fact that there is a reserve which has actually been voted by the Legislative Assembly will operate as a very great temptation to incur expenditure and pressure will be brought to bear on the

Finance Department of the Government of India, not necessarily in the present Finance Member's time, but later, to incur expenditure out of this reserve, which is so much in the hands of the Government of India, to help out needy departments as and when they want money in necessitous cases. There is also one other difficulty which I feel. It is perfectly true that in respect of a voted grant, when sums which are available from a non-voted head under the same grant are brought up, we raise the question, and we said, so long as money is spent on a voted head, there must be a vote on that. But we have not dealt with the contrary case when money remaining out of a sum which has been actually voted by this House might be taken over to a non-voted head, in which case it would not come under the scrutiny of this House. Sir, this is a matter which ought to be dealt with by some definite ruling of the Finance Department.

The Honourable Sir Basil Blackett: Sir, in regard to the Legislative Department, or the obstructive department as it is in this case, the Finance Department is very much in sympathy with these remarks of Mr. Rangaswami Iyengar. We do hold that the proper solution of this difficulty, if we can manage it, is something in the nature of a Civil Contingencies Fund, but we are up against another difficulty in that we are advised that it is *ultra vires* of the existing law, or it may be. The matter is still being examined and the results of that examination will come before the Public Accounts Committee this summer. The further question of what is to be done in cases in which there is a saving on a voted portion of the grant and a corresponding excess on a non-voted, is also dealt with, I think, in paragraph 20 of the Public Accounts Committee's Report, and that recommendation and the views of the Government of India upon it will no doubt be one of the subjects which will be further considered by this year's Public Accounts Committee.

Mr. President: The question is:

"That an excess grant of Rs. 13,395 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of 'Civil Veterinary Services'."

The motion was adopted.

CENSUS.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 2,330 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Census".

This is another case where the excess is covered by an allotment from the Finance Department reserve and raises, I think, no new special accounting point.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I have great doubt whether, under rule 49 of the Legislative Rules, the excess grant can be asked for in this way. That rule says:

"When money has been spent on any service for which the vote of the Assembly is necessary during any financial year in excess of the amount granted for that service and for that year, a demand for the excess shall be presented to the Assembly by the Finance Member, and shall be dealt with in the same way by the Assembly as if it were a demand for a grant."

Therefore the excess grant, just like a supplementary grant, should be asked for during the financial year for which the grant was voted and for that year. The language is like that.

The Honourable Sir Basil Blackett: Sir, I am not a legal expert, and if that is the case, the whole of our procedure in regard to excess grants is undoubtedly irregular. An excess unfortunately, from the point of view of the law, cannot be incurred until the year in which it is incurred has come to an end. If it is also the law that a demand for an excess grant cannot be made after the end of the year in respect of which it is incurred, the *impasse* is beautifully complete.

Mr. President: The question is:

"That an excess grant of Rs. 2,330 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of 'Census'."

The motion was adopted.

JOINT STOCK COMPANIES.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 1,483 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Joint Stock Companies".

This I think needs no special additional explanation.

The motion was adopted.

SUPERANNUATION PENSIONS AND ALLOWANCES.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 2,63,167 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Superannuation Allowances and Pensions".

Mr. A. Rangaswami Iyengar: What is this due to?

The Honourable Sir Basil Blackett: The explanation of this is given in item No. 8 of the Public Accounts Committee's Report. It is undoubtedly a case where there was a failure to exchange information which was in possession of responsible authorities before the end of the year and was not brought to the notice of the authorities responsible for presenting a supplementary estimate in time to enable them to do so. It was a case which I hope our arrangements in future will do something to prevent.

Mr. M. K. Acharya (South Arcot *cum* Chingleput : Non-Muhammadian Rural): Sir, I rise to move the amendment of which I have given notice. It runs as follows:

"That the Demand under the head 'Superannuation Allowances and Pensions' be reduced to Rs. 100."

That is of course the motion. Within brackets some reasons are given. (Government's failure (1) to give proper replies to interpellations and (2) delay in adjusting figures in Demands for Supplementary Grants.) I put them down when I was asked to do so just as I felt the reasons in my mind. The first thing in there is Government's failure to give proper replies to interpellations. When the sheet containing the excess grants was put in my hand, psychologically speaking, I was smarting under what I considered the insult offered to this House and to you, Sir, when a question was asked and a reply which I considered insulting was given. When that was in my mind and I found here something in the shape of superannuation allowances and pensions to the Executive, I thought what I considered to be the offence of one member of the Government deserved to be visited upon all in whose interest these superannuation allowances and pensions are being asked for. I quite agree that will be vicarious

punishment; and I do not propose at this moment to discuss the logical or doctrinal aspect or to say whether vicarious punishment and vicarious suffering are right or wrong.

I do not propose at this moment to discuss the wider aspects of the principle involved. A second reason therefore is also added. I propose when the regular budget is presented by means of some technical cuts to get a proper reply from Government—and from you also, Sir,—as to the manner in which questions duly admitted by you ought to be treated by the other side of the House. Therefore, that part of the question I shall not press to-day although I must again repeat there is a very real issue in my mind and I hope everybody in this House will realise as much as I realise that when questions are admitted by you we have the right to expect that they shall be answered properly.

Mr. President: I should like to know what possible connection there is between the failure of Government to give proper answers to questions and this particular supplementary excess grant.

Mr. M. K. Acharya: I am just explaining, Sir, although I do not press it, that I consider it to be a very bad piece of . . .

Mr. President: Order, order. That may be so. There are other ways in which that question can be raised, the Honourable Member will agree.

Mr. M. K. Acharya: Therefore, I will go on with the second reason given by me, namely, the delay in adjusting figures in Demands for Supplementary Grants. Now I have taken some pains to read the evidence which was given with reference to question 810 on page 150 of the Evidence volume. With respect to these superannuation allowances there is a question given and this is the answer:

“It was due entirely to the fact that we recovered less from the Commercial departments than we expected to recover on account of pensions. For the reason why we failed to provide additional funds to meet it or to ask for additional funds, I am afraid I shall have to refer to the Accountant General, Central Revenues. He was responsible for it as far as I know. He did not tell us.”

And I take it that some of the questions which follow are with regard to that particular subject. The House has already heard from my friend the Honourable Mr. Rangaswami Iyengar as to the general issue—that officials should not come forward with demands for excess grants but that as far as possible these accounts should all be properly adjusted within the year under review and if necessary Supplementary Grants should be asked for in time. In this case it was a very responsible officer of Government, as noted here, namely, the Accountant General of Central Revenues, who was responsible for this laxity. Now this House has a right to expect an explanation why such a highly paid officer with the help of a huge department which must no doubt be working under him ought to have failed in adjusting these accounts properly within the year under consideration. On that ground I would press that at least one of the many items that are asked for in the Grants to-day ought to be rejected and at least on that one account, that we do expect the heads of these huge departments to be very much more prompt in the discharge of their duties.

Mr. President: What exactly is the motion which the Honourable Member is moving? Does he wish to reduce this Demand to Rs. 100 or by Rs. 100?

Mr. M. K. Acharya: To Rs. 100. It is a practical rejection of the grant.

The Honourable Sir Basil Blackett: Sir, in the interests of those same conventions to which the last speaker attaches importance I was very glad to see that you, Sir, intervened to draw the Honourable Member's attention to the fact that this is no opportunity to discuss the failure of Members of Council and others to answer questions to the entire satisfaction of the questioner. I may leave that point, I think, where it was left by the course of the debate.

As regards the proposal that this grant should be reduced to Rs. 100, I would point out to the House that what has happened is that this money has actually been spent. If the whole of it is not voted there is a sum which has been spent which is not covered by the authority of this House. The reasons for the excess vote are in part the very reasons why this House is being asked to reject the vote, that is to say, the Government is coming forward to ask the House to grant this sum because owing to the failure of certain officers to foresee the need of a supplementary grant an excess grant has been incurred, and the Honourable Member is asking that, owing to the failure of certain officers to see in time the need for a supplementary, the House should make a cut. For the same reason, therefore, the House is being asked to make a cut and to grant the vote. The Public Accounts Committee reports quite definitely the failure. It is a failure which is regretted and it is a failure which the Committee turned its attention to remedy and which the Government of India, on the advice of the Public Accounts Committee, will continue to try and remedy so that it may not occur in future or occur less frequently. I cannot, in answer to the complaint that there has been a failure, say anything except that there has been a failure which we are trying to remedy and it is because there has been a failure that we need this money.

Mr. President: The question is:

"That an excess grant of Rs. 2,63,167 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of 'Superannuation Allowances and Pensions'."

The motion was adopted

REFUNDS.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 1,81,548 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Refunds".

The explanation is given in the Report of the Public Accounts Committee. Steps have been taken to prevent a recurrence of the causes which led to this particular excess and I do not think I need take the time of the House in adding to the explanation.

The motion was adopted.

BALUCHISTAN.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 1,40,733 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Baluchistan".

This is simply explained, I think, in the Report and in the evidence of the Public Accounts Committee. It is another case where the excess was not discovered in time to come up for a Supplementary Grant, as ought to have been done.

The motion was adopted.

IRRIGATION NOT CHARGED TO REVENUE.

The Honourable Sir Basil Blackett: Sir, I beg to move that an excess grant of Rs. 80,898 be voted by the Assembly to regularise the expenditure chargeable to revenue actually incurred in excess of the voted grant in the year 1924-25 in respect of "Irrigation not charged to Revenue".

The explanation in this case, Sir, is similar in nature to that in respect of the excess on payments for the Rajkumar and Archison Colleges, that is, the non-receipt by the end of the year of contributions which were only received after the year was over.

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS.

STAMPS.

The Honourable Sir Basil Blackett (Finance Member): Sir, I beg to move that a supplementary sum not exceeding Rs. 1,68,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Stamps".

I shall be glad, Sir, to give any explanations that may be asked in respect of this Demand, the reason for which is explained in the Report of the Standing Finance Committee to which reference is made at the bottom of the page.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Sir, with regard to these Demands for Supplementary Grants, I have got a complaint to make against the Government, a complaint which is shared by many Members on this side of the House. The list containing the Demands for these Supplementary Grants and the proceedings of the Standing Finance Committee before which these Supplementary Demands were placed, were given to us only on Monday night. (*Some Honourable Members:* "Yesterday morning.") I got it late on Monday night, and I am given to understand that some Members got it only yesterday morning; and we were expected during the course of the day to go through these voluminous reports, to understand these Demands for Supplementary Grants and to hand in amendments. Even according to the rules we are, I think, expected to give two days' notice of amendments that we propose to make. It is physically impossible for us to give this notice. Under these circumstances, Sir, I protest emphatically against the way in which the Government have brought these Demands for Supplementary Grants before this House.

The Honourable Sir Basil Blackett: Sir, I am not without sympathy with the Honourable Member's complaint. We have been working under considerable difficulties this year owing to the fact that the Standing Finance Committee could not be brought together until the House had elected it. That happens every three years when there is a new Assembly. In the other years the practice is for the Standing Finance Committee to be called together early in January. It can then go through the papers put before it, discuss them, make its recommendations at leisure, and the time of the officers of the Government concerned is also a little bit easier to arrange in the interests of the Standing Finance Committee when the Committee meets before the Assembly is actually sitting. This year that

[Sir Basil Blackett.]

could not be done and it was not until last Saturday that we completed the work of the Standing Finance Committee. Every effort was made by some hard Sunday labour to get these documents into the hands of Members on Monday, and we did get it into the hands of some Members, I understand, on Monday, though some Members perhaps did not sit up so late at night as I do myself and did not receive the documents until Tuesday morning. The Government naturally in such circumstances will not raise any objection on the ground of shortage of notice to any motion for reduction. But I think the House is in a position with the very ample material before it to consider these grants now on the floor of the House and there are officers of the Government ready and in some cases no doubt anxious to give full explanation.

Mr. A. Rangaswami Iyengar: May I know, Sir, why it was not possible for the Government to give us two days' time within which we could study these documents and give notice? It was quite possible for the Government to find other days.

Mr. President: The remedy is in the hands of Honourable Members themselves if they cure, but if they do not choose to avail themselves of the constitutional remedy it is their own fault.

The question is:

"That a supplementary sum not exceeding Rs. 1,68,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Stamps'."

The motion was adopted.

INTEREST ON MISCELLANEOUS OBLIGATIONS."

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 20,000 be granted to the Governor General in Council to defray the charges that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Interest on Miscellaneous Obligations".

This is a case of a supplementary estimate which does not make any difference to the total Budget. The sum provided was by some error provided under the head of non-voted by mistake for voted. When that discovery was made there was obviously a shortage of Rs. 20,000 under voted and an excess under non-voted, and the Government now come before the House to ask them to regularise the position.

The motion was adopted.

STAFF, HOUSEHOLD AND ALLOWANCES OF THE GOVERNOR GENERAL.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Staff, Household and Allowances of the Governor-General." Sir, this is another case where the provision has already been made, but under the wrong head. Only in this case the sum has already been voted by the Assembly and we are merely asking them to vote it under a different head.

Mr. M. K. Acharya: Sir, I beg to move the amendment that stands in my name:

"That the Demand under the head 'Staff, Household and Allowances of the Governor General' be reduced to Rs. 100, as a protest against a building for His Excellency the Viceroy being maintained in Calcutta."

Sir, I suppose the general rule is—although I have not got a copy of the rules before me—that Demands for Supplementary Grants should be dealt with in the same way as demands for ordinary grants. I think, Sir, it would be

Mr. President: The Honourable Member need not discuss the point of order unless it is raised.

Mr. M. K. Acharya: I wished Sir, to fortify myself against any objection being taken. However, I shall proceed. I consider that this is a relic of the old days when the Viceroy lived in Calcutta and had a big garden and house there. I really do not know whether in the changed circumstances of the latest system of administration it is necessary to maintain a huge building in Calcutta for the Viceroy to go and stay there perhaps for a week or two every year. I consider that this is a very lavish and not very satisfactory item of expenditure which is always taken from the poor tax-payer in the long run. I should very much like, therefore, that whether it is put in one account or another account it should be put into no account whatsoever. I should consider that an item like this ought to be justified on its merits. And, unless we all feel quite satisfied that this Rs. 10,000 taken from the poor tax-payer is properly spent and that it is quite necessary for the efficient administration of the country, I should be very unwilling, and I hope everybody on this side of the House at least would be equally unwilling, to vote any money, even if it be a single rupee, for any expenditure which is not absolutely necessary in the best interests of the land. I therefore move this, Sir, and I hope that on this one item at least the vote of the House will be made quite clear that in putting forth Demands for Grants before this House every care ought to be taken to avoid extravagance, because we certainly consider this a very extravagant demand in the case of a poor country like India.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I had no desire to take any part in this grant or any grant of these Supplementary Demands, but, even if I had a desire, under ordinary circumstances, I should not have selected this particular Demand for opposition, for more reasons than one. Sir, firstly, three years ago when I came to this Assembly the first lesson that I learnt was that figures of five digits in the Government of India were merely token figures used often only for rounding purposes, and as this Demand involves only a paltry sum of Rs. 10,000 I should not have thought of opposing it. Secondly, Sir, as this Demand relates to the luxuries of His Excellency the Viceroy, I should not have grudged it. But merged as our countrymen are in poverty, in misery and millions of people are starving even without a single meal in a day, we have never denied any Demand from our distinguished guest for any luxurious comforts of his. But, Sir, on this occasion I am inclined to oppose it. I oppose it, because it is wanted for the maintenance of a garden in Calcutta called Belvedere, whereas I have not seen a single tear shed over the sorrows of Belvedere from the opposite side. Sir, you have further plucked away all the finest flowers of the peoples' park all round this garden, crushed them and cast them

[Mr C. Duraiswamy Aiyangar.]

away in Mandalay, and, Sir, you want to maintain a paradise in Calcutta. Are you justified? I do not want the Honourable the Finance Member to answer this, but I want the Honourable the Home Member who is absent or some *alter ego* of his to answer this. . . .

The Honourable Sir Basil Blackett: Sir, I did not intervene before, but I would point out to you that this is a proposal to transfer from Demand No. 41 to another Demand a sum which has already been voted and a large part of which has already been spent. The result of its not being voted to-day would be that it would still be spent under Demand No. 41^{*} having already been voted by the Assembly and not under the Demand proposed by Government now. Under these circumstances, I would ask you whether a discussion of the purpose for which money is required, namely, for expenditure on a garden is entirely in order.

Mr. J. M. Dunnett (Home Department: Nominated Official): May I be permitted to say, Sir, that the Leader of the House is the last Member who would show disrespect to the Chair or to this House and that he is absent on this exhilarating occasion only because he is wanted in another place.

Mr. President: Does the Honourable Member want to say anything on the point of order?

Mr. C. Duraiswamy Aiyangar: Yes, Sir. I have been arguing, Sir, that a paradise in a desert is unnecessary. If I am ruled out of order, I shall obey that ruling, and though my tongue will surrender, my heart will not.

I proceed to the next point, Sir. The Honourable the Finance Member stated that this is an item already voted under Demand No. 41, Civil Works, but the footnote shows nothing of the sort and a reappropriation has to be made from the reserve in Demand No. 72, Miscellaneous.

Sir, I have to say one word more about the suggestion that is made in the footnote, perhaps an unwise suggestion, that this item be transferred to General Administration. I consider it to be an unwise step, Sir, for the Government, and a delicate step for us. If we voted against this Demand, and if His Excellency the Viceroy has to certify he will have to say "I think that if the flowers wither away in the garden of Calcutta, the general administration of the country will come to a standstill". Sir, I do not see how the Government are justified in asking for this grant at this particular juncture, at this psychological moment, when they ought to have been gracious, just and equitable to Bengal before they made a demand on this House.

***Mr. O. S. Ranga Iyer** (Rohilkund and Kumaon Divisions^{*} Non-Muhammadan Rural): Sir, I do not want to follow the line of argument of the two Members on this side of the House, but I would ask the Honourable the Finance Member if he has read the very delightful observations on the subject made by Lord Curzon in his two volumes on the Government of India. I believe, Sir, Lord Curzon was very unhappy over the derogatory position assigned to the Viceroy by transferring him during the short visits he pays in X'mas to a much minor building, while the old Viceregal Lodge is allotted to the Governor of Bengal. I think, Sir, at least to maintain the prestige of the Viceroy, that the building should

^{*}Speech not corrected by the Honourable Member.

be abandoned. I hope the Honourable the Finance Member has read these volumes; if he has not, I hope he will read them, and that, in the light of Viceregal prestige, he will revise his attitude.

The Honourable Sir Basil Blackett: Sir, the answer to the last question is in the affirmative.

Mr. President: The question I have to put is:

"That the Demand under the head 'Staff, Household and Allowances of the Governor General' be reduced to Rs. 100."

"The motion was negatived."

Mr. President: The question is:

"That a supplementary sum not exceeding Rs. 10,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March 1927, in respect of 'Staff, Household and Allowances of the Governor General'."

The motion was adopted.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 20,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Government of India, Department of Education, Health and Lands."

The object of this supplementary sum is to pay the expenses of the transfer of records from Calcutta to Delhi.

The motion was adopted.

SURVEY OF INDIA.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 1,80,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "the Survey of India."

The motion was adopted.

GEOLOGICAL SURVEY.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "the Geological Survey."

The motion was adopted.

ARCHÆOLOGY.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 2,21,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Archæology."

The motion was adopted.

MEDICAL SERVICES.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 17,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Medical Services."

The motion was adopted.

PUBLIC HEALTH.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 68,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Public Health."

The motion was adopted.

AGRICULTURE.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 27,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Agriculture."

Khan Bahadur Haji Abdullah Haji Kasim (West Coast and Nilgiris: Muhammadan): Sir, in supporting the grant, I wish to bring to the notice of the Government one thing. I had occasion to visit the Agricultural College at Coimbatore as an honorary visitor and I was surprised to find that there was a building under construction at a cost of four lakhs of rupees to accommodate only 160 students. I put the same question in the Madras Legislative Council and I brought it to the notice of the Government of Madras and the Honourable the Minister for Development told us that they got this grant from the Government of India. So, what I would suggest to the Government is that, before sanctioning such grants, they should go minutely into the scheme and see whether so much money is necessary for building. I would suggest, instead of spending a lot of money for building purposes, it would be better that the Government give money to encourage agriculture and for demonstration farms and grants to Local Governments.

The Honourable Sir Basil Blackett: Sir, I am not quite sure to what the Honourable Member refers. The sentiments which he expressed are such as, I think, the Government might well agree with, but I think they have nothing to do with the buildings or the expenditure for which this particular supplementary is incurred. This relates to the Sugarcane Station at Coimbatore and nothing else. I have no doubt, if the Honourable Member will speak to the Honourable Member or the Secretary in the Education Department, he will be able to carry further the very interesting point that he has raised.

Mr. President: The question is:

"That a supplementary sum not exceeding Rs. 27,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Agriculture'."

The motion was adopted.

AVIATION.

The Honourable Sir Basil Blackett: Sir, I beg to move that a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Aviation."

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadian Rural): Sir, I move:

"That the Demand under the head 'Aviation' be reduced by Rs. 100."

I have set this motion down, Sir, only to elicit information. We are asked to grant about 7½ lakhs for the acquisition of an airship base at Dum Dum and an aeroplane base at Rangoon.

Now, I know, that this expenditure is not real expenditure at all. It simply involves the transfer of certain plots of land from the military to the civil authorities. But, as this grant raises important questions of policy, I thought it proper to ask Government to give us further information than is contained in the proceedings of the Standing Finance Committee. In a memorandum from the Indian Air Board attached to the proceedings of the Standing Finance Committee of the 4th February, 1927, it is said that an air service should be started between Calcutta and Rangoon. The Air Board recommend that for this purpose Government should grant a subsidy to a company on certain conditions. In the first place, the bases should be constructed and equipped by Government; they should be leased to the company but should not be owned by them. In the second place, the company should be registered in India with a rupee capital, and, in the third place, the company should be required to afford training and opportunities for employment to Indians in all branches of its work. I want to ask Government whether they have decided that the development of Civil Aviation should take place through a private agency. Considering that railway, postal, telegraphic and telephonic communications are practically in the hands of Government I want to know why they have considered it desirable to have Civil Aviation developed not through the State but through a private agency. Secondly, if it has been decided to have an air service between Calcutta and Rangoon through the agency of a subsidised company have Government considered the desirability of inserting a provision in the contract to be entered into between the Government and the company empowering them to take over the company after a reasonable period of time? They took such power to themselves in the contracts with certain railway companies and I think it will be agreed that such a provision is desirable in the case of a contract with an air company also should such a company be formed. In the third place I should like to know whether the second and third conditions recommended by the Air Board, i.e., the company should be registered in India with a rupee capital and that it should be required to afford training and opportunities for the employment to Indians, have been accepted by Government themselves. I dare say Government are in favour of these conditions. But at present they are contained only in the memorandum of the Air Board which is published as an appendix to the proceedings of the Standing Finance Committee and these proceedings give no indication of the mind of Government themselves. I should also have asked, Sir, whether the separate memorandum which we were promised in the proceedings of the Standing Finance Committee of the 4th February . . .

Mr. A. Rangaswami Iyengar: Please read that passage.

Pandit Hirday Nath Kunzru: Should I read it?

Mr. T. Prakasam: Yes, please.

Pandit Hirday Nath Kunzru: It is on page 509, Volume VI, No. 12, and runs:

"After some discussion the Committee agreed to these proposals subject to the question of policy involved being accepted by the Legislative Assembly before whom a separate memorandum on the subject would be laid when the proposals come up for their consideration."

I have been supplied, since I gave notice of this motion, with a copy of the promised memorandum.

Mr. A. Rangaswami Iyengar: We have not got it.

(Several Honourable Members: "None of us have got it.")

Pandit Hirday Nath Kunzru: I have no doubt that since I have been supplied with a copy of the memorandum other Honourable Members will also be supplied with it. At any rate, I understand that that is the intention of the Honourable Sir Bhupendra Nath Mitra.

Mr. L. Graham: On a point of explanation, Sir, as regards the supply of these copies. The Deputy Secretary of the Department concerned came into the official box with a few advance copies and he asked me to circulate them to the Members who were likely to be interested.

Mr. B. Das: On a point of order, Sir. May I suggest that this Demand for Grant may be postponed till

Mr. President: That is no point of order.

Pandit Hirday Nath Kunzru: Perhaps, Sir, some of the questions that I have asked are answered in the note that has been supplied to us this morning. But as the House will understand I have had no time even to glance at the note.

The last question that I want to ask is, why this matter, involving a question of policy, even though it involves no extra expenditure and does not commit the House to further expenditure, has been brought up in the form of a supplementary estimate. Why could it not have been considered along with other questions at Budget time? I am sure it will be agreed that all important questions of policy should, as far as possible, be considered at one time. Further it is both desirable and convenient that information regarding these matters should be found in one place and should be easily available. I hope Government will be good enough to throw light on the points that I have raised. No one here will be opposed to the principle of the development of Civil Aviation; but we should certainly like to know where we stand in regard to this question both in respect of policy and expenditure.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, as one of the Members of the Standing Finance Committee who recommended that this matter should be put before the Assembly for the purpose of the Assembly deciding the policy I think I owe an explanation to the House at this stage. It is of course to be regretted that the Department concerned has not been able to place in

the hands of every Honourable Member a copy of the memorandum regarding the policy as promised. I, Sir, have, as a member of the Standing Finance Committee, a copy of the memorandum and, in order to show the importance of the question being decided by the Assembly before any further money is voted, I would like to read to the Assembly just a few lines from one paragraph which lays down what the future expenditure regarding Aviation is to be.

Mr. A. Rangaswami Iyengar: On a point of order, Sir. If this memorandum is to be read to the House, I think it is right that copies of it should be circulated to every Member of the House, and may I point out whether on the whole it would not be better to take this grant later?

Mr. President: That is not a point of order.

Sir Purshotamdas Thakurdas: I was trying to make out, if my Honourable friend would only let me proceed further, a case that the issues involved are serious and that, in view of the fact that no memorandum giving the whole of the details is before the House to-day, the matter will have to be postponed.

Mr. R. K. Shanmukham Chetty: On a point of order, Sir. Can the Honourable Member read from a report which is not available to Members of this House?

Mr. President: I understand that it is going to be laid on the table in due course.

The Honourable Sir Bhupendra Nath Mitra: That is the intention, Sir . . .

The Honourable Sir Basil Blackett: I think the report from which my Honourable friend, Sir Purshotamdas Thakurdas, was about to read, may be a slightly different one from that which is placed on the table. I do not think that the one that has been placed on the table is an exact copy, because I think it is an amplified document as compared with the one that was laid before the Standing Finance Committee.

Mr. R. K. Shanmukham Chetty: May I have your ruling on the question whether an Honourable Member can read from a memorandum which is not available to the Honourable Members of this House, so that we can regulate our future procedure accordingly?

Mr. President: The Government are going to lay the report on the table of the House, I understand, and also to circulate copies of that report.

Mr. R. K. Shanmukham Chetty: That is after the vote is taken.

Mr. President: The Honourable Member is entitled to move the postponement of this debate.

Mr. R. K. Shanmukham Chetty: By way of a point of order?

Mr. President: Not by way of a point of order. It is within the right of every Member to move that the discussion be postponed.

Sir Purshotamdas Thakurdas: As I said, I came in possession of my copy of the memorandum in my official position as an elected Member of this House on the Standing Finance Committee and I feel it my duty

[Sir Purshotamdas Thakurdas.]

to put before the House the information that I gathered on that Committee in order that I may lead the House on to the proposition that I propose to make, namely, that, until the memorandum is available to the House and the House has had the requisite time to consider the same, the consideration of this grant should be adjourned. If my Honourable friend had only allowed me to proceed he would have seen that I was going to suggest to them exactly what would be acceptable to him, that the House cannot, in the absence of the information which was submitted to the Standing Finance Committee, proceed further with this. I will therefore only read one part of paragraph 7:

"(4) Apart from these items other future expenditure must depend on the policy which may be adopted in regard to the development of civil aviation in India, e.g., the formation of Indian companies and the grant of subsidies in the early years of working"

Besides this the printed memorandum has several other interesting features which show that if money is to be voted by this Assembly without their definitely knowing what it may lead to, it is possible that they may have to vote an annual expenditure which may go up to Rs. 25 or 30 lakhs in the course of a few years. I therefore feel that it is not right that this House should be asked to vote any more sums for aviation purposes until the memorandum has been made available to the House and the House has had a full opportunity to study the memorandum very carefully. I therefore suggest that further consideration of this item be adjourned.

Mr.-B. Das: I rise to second the motion for adjournment put forward by my Honourable friend, Sir Purshotamdas Thakurdas. We demand that the papers on Civil Aviation should be placed before the House and every facility and sufficient time should be given to Honourable Members to go through these papers and to come to a right decision on the matter. As I observed earlier in the day, Government come before the House in the shape of a small demand for a few thousand rupees even though it may involve large questions of policy and, as my Honourable friend, Sir Purshotamdas Thakurdas observed, commit the House to an eventual expenditure of some 30 or 40 lakhs of rupees. In the Standing Finance Committee, of which I am not at present a member (Laughter) that does not matter, we have sent our chosen representatives to the Committee and they have to do their duty, and I am glad that Sir Purshotamdas Thakurdas has brought the subject before the House. In that Standing Finance Committee we suggested that every new scheme that Government bring before the Standing Finance Committee should be brought forward as a complete scheme shewing the full financial liabilities to the tax-payers, should be approved of by the Committee and that the Committee should know to what amount they stand committed on that particular scheme. While I was a member of the Standing Finance Committee two years ago, the Cairo-Karachi scheme committed the House and the country only to the extent of a lakh of rupees. To-day it is a matter of Rs. 30 or 40 lakhs and to-morrow it may be a big aviation scheme committing the country to crores and crores of rupees just as we have investment on the railway system. I could not think of an aviation scheme unless I know whether Indians will be sufficiently employed in that service, if it is to be a private company or a public concern, whether it will be run by Indian capitalists or industrialists or

whether it will be controlled from London or Berlin and whether the particular company is entitled to such concessions. For these reasons I entirely and wholeheartedly support the motion moved by my Honourable friend, Sir Purshotamdas Thakurdas, and I hope that the Government will have the good sense to accede to it.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Government have not the slightest objection to postponing the consideration of this particular question to a later date. It is perfectly true that the Standing Finance Committee agreed to certain proposals subject to the question of policy involved being accepted by the Legislative Assembly before whom a separate memorandum on the subject would be laid for the purpose. I understand that the Committee's decision was arrived at only a few days ago and that my Department had not the time to get that memorandum through the Press in time for circulation before this morning. A few copies were received in print from the Press this morning and I believe a certain number of Members of this House have been supplied with those copies. But I know that all the Members have not yet got the copies and I must apologise for the inconvenience which may have been caused to them in being called upon to discuss the subject without the help of that memorandum. I am perfectly willing that the discussion of the matter should be postponed. If my Honourable friend, Mr. Kunzru, in spite of that, would like to have information on the 4 or 5 points which he raised, I am quite willing to give him that information now. If, on the other hand, he would prefer that the supply of that information should be postponed until the matter comes up for discussion later on, I am quite willing to accede to his wishes.

Pandit Hirday Nath Kunzru: I would ask the Honourable Member to consult his own convenience. It is all the same to me when I get the information.

The Honourable Sir Bhupendra Nath Mitra: It is the convenience of the House. So far as I am concerned, I am quite willing to give the information here and now.

Mr. President: The original question was:

"That a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Aviation'."

Since which the following amendment has been moved:

"That the further discussion of this motion be postponed."

The question that I have to put is that that amendment be made.

The motion was adopted.

CURRENCY.

The Honourable Sir Basil Blackett: I beg to move that a supplementary sum not exceeding Rs. 1,67,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Currency."

The motion was adopted.

CIVIL WORKS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 6,67,000 be granted to the Governor General in Council to defray the expenses that will come in course of

* 1 P.M.

[Sir Basil Blackett.]

payment during the year ending the 31st day of March, 1927, in respect of "Civil Works."

The motion was adopted.

SUPERANNUATION ALLOWANCES AND PENSIONS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 1,87,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Superannuation Allowances and Pensions."

The motion was adopted

STATIONERY AND PRINTING.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 38,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Stationery and Printing."

Mr. Jamnadas M. Mehta: I have to draw the attention of the Member in charge to the very unsatisfactory working of the Government Central Press at Calcutta and I think this is the proper head under which I can bring to the notice of the Member in charge some of the irregularities of that department. One is, and that has been most loudly complained of, that if you ask for a particular book or particular pamphlet published by the Government which is on sale there, we sometimes get quite another book and as the V. P. P. does not disclose what the book underneath is

The Honourable Sir Basil Blackett: I would ask whether this is in order. The provision that is required is for stationery stores. It has nothing to do with the Central Printing Press.

Mr. Jamnadas M. Mehta: The word "printing" is there. Books are printed (Laughter) When you open a packet you find that the book sent is altogether different. You have already sent the money. Now you have to incur further postage charges in returning the book and asking them to send you the right one.

Mr. President: I think this is too far-fetched

The question is

"That a supplementary sum not exceeding Rs. 33,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Stationery and Printing'."

The motion was adopted.

MISCELLANEOUS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 2,93,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Miscellaneous."

The motion was adopted.

REFUNDS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 21,32,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Refunds."

The motion was adopted.

NORTH-WEST FRONTIER PROVINCE.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 40,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of the "North-West Frontier Province."

The motion was adopted.

DELHI.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 18,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Delhi."

The motion was adopted.

AJMER-MERWARA.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 1,04,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Ajmer-Merwara."

The motion was adopted.

ANDAMANS AND NICOBAR ISLANDS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 3,31,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of the "Andamans and Nicobar Islands".

The motion was adopted.

CAPITAL OUTLAY ON SECURITY PRINTING.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 15,00,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Capital Outlay on Security Printing."

The motion was adopted.

CAPITAL OUTLAY ON CURRENCY NOTE PRINTING PRESS.

The Honourable Sir Basil Blackett: I move that a supplementary sum not exceeding Rs. 8,81,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of "Capital Outlay on Currency Note Printing Press "

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 10th February, 1927.

LEGISLATIVE ASSEMBLY.

Thursday, 10th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I desire to make a statement in regard to the course of Government business next week.

The days allotted for Government business are Monday, the 14th, Wednesday, the 16th and Friday, the 18th. On Monday, the 14th, a motion will be made that the Steel (Protection) Bill as reported by the Select Committee be taken into consideration and, if that motion is passed, a further motion will be made that the Bill be passed. It is proposed to allow the whole of Monday, the 14th, and Wednesday, the 16th, for the discussion of these motions, but if time permits on Wednesday a motion will be made to take into consideration and if that motion is passed, to pass the Bill further to amend the Presidency-towns Insolvency Act, and the Provincial Insolvency Act, which was introduced on the 7th February. On the same day and subject to the same conditions the discussion of the adjourned motion on the Supplementary Grant for Civil Aviation will be resumed.

On Friday, the 18th, the Railway Budget will be presented to the House and no further business will be undertaken on that date.

Honourable Members are already aware that Tuesday, the 15th, has been allotted for non-official Bills and that the House will not sit on Thursday, the 17th, which is a public holiday, or on Saturday, the 19th.

RESOLUTION *RE* TREATMENT OF THE SANTHAL PARGANAS AS A BACKWARD TRACT—*contd.*

Mr. President: The House will now proceed to a further discussion of the Resolution moved by Kumar Ganganand Sinha on the 8th February, 1927, and the amendments moved by Mr. Ram Narayan Singh and Mr. B. Das.

The Honourable Sir Alexander Muddiman (Home Member): Before I enter on a discussion of the rather diverse and complicated subject-matter which has been raised by this Resolution, I propose to detain the House for a few minutes with a consideration of the law contained in the Government of India Act in so far as it relates to the Resolution. As Honourable Members will recollect, the Resolution desires to remove certain tracts from the operation of sections 52A and 71 of the Government of India Act and to amend the Scheduled Districts Act. I desire to invite the attention of the House to section 52A of the Government of India Act, sub-section (2). That sub-section runs as follows:

"The Governor General in Council may declare any territory in British India to be a 'backward tract', and may, by notification, with such sanction as aforesaid, direct that this Act shall apply to that territory subject to such exceptions and modifications as may be prescribed in the notification."

[Sir Alexander Muddiman.]

The sanction required is the sanction of His Majesty in Council previously signified by the Secretary of State. Well, Sir, in the exercise of the power conferred—a power which I may point out is practically a power to make a local amendment of the Government of India Act—action has been taken in respect of all the tracts which are mentioned in the Resolution and the amendments now under the consideration of the House. By a notification No. 4-G., dated the 3rd January, 1921, the Governor General in Council declared certain territories in the province of Bihar and Orissa specified in the schedule to the notification to be backward tracts and he also directed that certain modifications should be made in the application of the Act to those territories. It is germane to the purposes of the present discussion to consider what those modifications are. I will first deal with the modifications in the case of the Chota Nagpur Division of the province of Bihar and Orissa, the district of Sambalpore and the Santhal Parganas district, as those districts are dealt with in one general clause. I will not weary the House by reading the actual terms of the modification but it amounts to this, that when a law is made solely applicable to any of those territories it is obligatory to insert in that law a provision that such law shall not come into operation till the Governor General in Council or the Governor in Council, as the case may be, by notification so directs. Further that authority may insert in that declaration any modification he likes in the law. That is to say, the general power of the Legislature in respect of those tracts is limited by the fact that the Legislature cannot immediately put into force in those tracts any law, and the Governor General in Council or the Governor General, when he permits the law to operate in those tracts, may require it to contain certain modifications. That, Sir, is the position as regards the Chota Nagpur Division, the district of Sambalpore and the district of the Santhal Parganas.

Now, I turn to the case of the district of Angul which stands on rather a different footing. There are three modifications made by the Schedule in regard to this district. The first is that the power of the Indian Legislature and the power of the local Legislatures to make laws is definitely excluded. The second, which is not particularly germane to the first point that I wish to make, excludes the necessity of submitting expenditure to the vote of either the Imperial or the local Council. The third provision is of importance, and I will read a portion of it. It runs as follows:

“In lieu of the provisions of the said Act (that is to say, the Government of India Act) which enable rules to be made for prohibiting or regulating in either Chamber of the Indian Legislature the asking of questions on, and the discussion of, any subject specified in the rules, there shall be substituted a provision prohibiting the asking of questions on, and the discussion of, any subject relating to this territory.”

That, Sir, would evidently exclude a discussion on any matter arising in Angul. Whether you in your judgment would hold that it would prohibit a discussion by this House of the very restriction imposed under section 52A is a matter which I submit for your consideration. I do not propose to argue the point. If you decide that it is open to this House to discuss the question, if you should hold that the fact that the Government has exercised those powers under section 52A is a matter which does not debar this discussion, then, I shall discuss the subject on its merits. But if you hold otherwise, it will not be necessary for me to do so beyond the fact

that I or some other Government speaker will have to deal with one or two statements made in the speech of my Honourable friend, Mr. Das. On that point I would ask you to give me your ruling.

Mr. President: Does the Honourable Member (Mr. Das) wish to say anything on this point of order?

Mr. B. Das (Orissa Division. Non-Muhammadan): I have just to say this, that some of the tracts were declared backward long, long ago, 30, 40 or 50 years ago. I do not like that the places in which British Indian subjects live should still be declared to be backward tracts and those people denied the benefits of electoral rights and the advantages of education and good Government.

Mr. President: I quite recognise that the wording of the notification in question is very wide and excludes all discussion on any subject regarding Angul from the jurisdiction of this Assembly; but the point raised by the amendment of Mr. Das is not that. It recommends that steps should be taken by the Governor General in Council to remove the district of Angul from the operation of section 52A and thus make it possible for this Assembly to discuss all questions relating to Angul in the ordinary way. It is not that any question regarding the administration of Angul is proposed to be discussed, but the amendment seeks to cancel the notification issued under section 52A and thus enable the Assembly to ask questions and move Resolutions regarding the administration of Angul. So long as the notification exists the Chair could not permit the discussion of any subject relating to this territory and the object of the amendment is to remove that bar. I therefore rule that the amendment of Mr. Das is perfectly in order.

The Honourable Sir Alexander Muddiman: Very good, Sir. I bow to your ruling. I merely desired information as to what view you took of the point of order as there are multifarious matters in this Resolution which will take a considerable time to discuss and I wanted to shorten my speech as far as possible. I must therefore ask your indulgence in the matter of time if necessary or in the matter of other Government speakers.

I will refer to Angul later but before I proceed to the consideration of the particular circumstances of the individual tracts I should point out that the Resolution also proposes the removal of the power to legislate which is conferred by section 71 of the Government of India Act. That is the power to make Regulations. That is a power which has existed for many years and, although it appears as section 71 of the Government of India Act, it is a power that existed in 1871 and had been exercised freely in regard to these tracts. It has no immediate connection with the declaration that a tract is a backward tract, for section 52A and section 71 are not connected. Section 52A was a new section inserted when the Reforms came into operation, at the same time as the other sections which came in at that period. Section 71 has of course a long previous history and is a separate matter altogether. Before section 71 can be used, the Secretary of State must pass a Resolution in Council applying the section to that part of the territories in which it is to operate.

Now, as I have said, the power to declare a tract "a backward tract" really only enables the Governor General to make local modifications in the Government of India Act. In the case of Angul great restrictions have

[Sir Alexander Muddiman |

been imposed, but in the case of the other tracts, the mere declaration that they are backward tracts has by itself little practical importance. Although that is perfectly true, I fancy the real object of the Mover of this Resolution is not to do away with the fact that these territories are administered in a different way to other parts and that by classing them as backward we throw some slur on the political capacity of the inhabitants of those tracts and we also enable special legislation to be passed for the inhabitants by the Executive Government. That is what it amounts to. Well, Sir, no less than four tracts have been brought within the scope of this Resolution. One is the Chota Nagpur Division and another is the district of Sambalpore. The third is the Santhal Parganas and the fourth is, under your recent ruling, Angul. If I deal at length in my own speech with those tracts I am afraid I shall detain the House beyond its powers of listening with satisfaction and certainly beyond my powers of speaking with any pleasure. I will therefore confine myself in the first instance to the case of the Santhal Parganas. Now in an Assembly like this, an Imperial Assembly, it is very relevant that I should state some of the broad features both as regards the history and the present conditions of the tracts concerned. There must be many in this House to whom the Santhal Parganas is little more than a name, perhaps hardly even that and there are few in this Assembly who speak Santhali. (Laughter.) The Santhal Parganas is by no means an unimportant tract. It occupies an area of well over 5,500 square miles. It is a thickly populated tract and its population is nearly 2 millions. I have not got the exact figures here but it must be about 1,800,000. It has been a source of considerable anxiety to the administration ever since we came into touch with it. No one, I think, can possibly refer to the Santhal Parganas or their history without recalling the immortal name of Augustus Cleveland, who was the first British official to bring that trust in the British rule which has largely contributed to turn a dangerous border into a district which is a source of prosperity. Augustus Cleveland, Sir, was a very remarkable man. He was one of the favourite officers of Warren Hastings and he found, as subsequent administrators of the Santhal Parganas have continuously found, that the application of the ordinary law of the country to that territory always led to disorder. I do not propose to weary the House with the history of his wonderful achievements, but he died at the age of 29 and his name is still revered in the Santhal Parganas. There is not a Santhal—who has not heard the name of Chili-Mili Sahib, for that is the name by which Augustus Cleveland is known in those parganas. He was fortunate in his life and revered in his death. I will read what was written on his tomb. The Government of those days did recognise the merits of the officers (Laughter) who had served it even after their death. The East India Company erected a memorial which bore this inscription, which I commend to the notice of the House: It said of him that he was a man "who without bloodshed or the terror of authority, employing only the means of conciliation, confidence and benevolence, attempted and accomplished the entire subjection of the lawless and savage inhabitants of the jungleterr of Rajamahall, who had long infested the neighbouring lands by their predatory incursions, inspired them with a taste for the arts of civilised life, and attached them to the British Government by a conquest over their minds—the most permanent, as the most rational mode of all dominion." Could there be higher praise? Well, Sir, after

Augustus Cleveland's death the administration of the Santhal Parganas was conducted much on the lines laid down by him for many years. But as time went by the wise policy he had formulated began to be departed from. Up to 1833 the Santhal Parganas was undisturbed. In that year, again following the principles he had laid down, opportunity was taken to separate from the rest of the Santhal Parganas what is known as the Damin-i-Koh. The Damin-i-Koh means the "skirts of the hills". But it was much more than the skirts of the hills, it was all that hilly country, some 1,800 or 1,400 square miles, which forms the core of the Santhal Parganas. That, Sir, was done in 1833 and it has been the consistent policy of Government thereafter to maintain the Damin-i-Koh as an asylum for the Santhals. There are very special rules as to the transfer of land, rules some of them formulated in those old days which still continue in force and which are greatly valued by the inhabitants. Well, Sir, with the progress of time naturally the Santhal Parganas began to attract the attentions of outsiders. The Santhals have many good qualities, but they certainly have not the good quality of being able to protect themselves against the consequences of their own folly. They are a virile, a prolific and a cheerful race, but they are, I regret to say, addicted to drink, they are addicted to extravagance, and they are very easily made the prey of oppressors. In 1855 many traders, who are generally referred to in those parts as Dakku traders, that is non-Santhals or foreigners, entered the tracts and the Santhals began to get into trouble. They began to hand over their lands. They got into debt and they got generally discontented. Well, thereafter the famous Santhal rebellion broke out. It was a very serious affair. It involved a great loss of life and there must be still people living in Bengal who remember the terror with which the inhabitants of neighbouring Bengali districts used to refer to that rebellion. It was suppressed after a considerable amount of difficulty and naturally inquiries followed. The Government came to the conclusion that the root cause of the rebellion was the oppression of alien landlords and moneylenders. After that rebellion they passed the law, Act XXXVII of that year, which removed the district from the operation of the general laws and regulations. That Act, Sir, is still in force and that Act, it is the object of this Resolution undoubtedly to attack. I will very briefly explain to the House what exactly is the legal position in regard to the Santhal Parganas. They are a de-regulationised tract; that is to say, they were removed by this very Act, which I have cited, which was passed in consequence of the Santhal rebellion, from the operation of the general laws and regulations; and it was placed further directly under the superintendence and jurisdiction of officers to be specially appointed by the Lieutenant-Governor—Bengal was of course then a Lieutenant Governorship. And I may say in passing that there is nothing more striking to any one who examines the past history of the Santhal Parganas than to see how greatly the successful administration in that part of the world has depended upon the particular officers who were stationed there. One sees it again and again. When the officers in charge of the district were sympathetic and trusted by the Santhals all went well. If that was not the case there was trouble. I well remember, Sir, in my earlier service, and there must be some in the Assembly who will remember, the late Mr. W. B. Oldham, who exercised great authority and was greatly trusted by the Santhals. I regret to say, Sir, that he was referred to by his juniors as "Bill of the Hills" (Laughter), but he was a great personality. As I have said a special law applies to

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the Santhal Parganas, and under the Santhal Parganas Settlement Regulation, which is a regulation of 1872, the enactments deemed to be in force in the district are set out in the Schedule, and it is provided in that Schedule that except in so far as concerns the trial and determination of civil suits in value over Rs. 1,000, no other enactment shall, unless the Santhal Parganas be specially mentioned therein, be deemed to apply to the said Parganas. That is important, and the declaration made under section 52-A of the Government of India Act, merely secures in respect of future enactments that protection which is secured to past enactments by the law I have just quoted. Moreover, when we turn to the question of the land—a question of the very greatest importance in the Santhal Parganas, for the Santhal is greatly attached to his land and resents anything he is unaccustomed to, we find special features. The district has its own land system which is governed by Regulation III of 1872 and Regulation III of 1886. It has further a distinct judicial system which is governed by Regulation V of 1893. That will give the House some short picture—it would be impossible for me to develop it at length—of the system of administration which prevails in the Santhal Parganas. I may say that there is a very strong indigenous system there. The headman of the village still retains to this day a great deal of his power, and the village organization is that which is to be expected among a people with a strong tribal organization. Of course the Santhals are not the whole of the inhabitants of the Santhal Parganas. If they were, Sir, I doubt if we would have heard much of this Resolution. It is not the Santhal who wishes to change the system. The remainder of the population includes, besides certain other aborigines such as the Mal Paharis, a race I am not acquainted with, a considerable proportion of Hindu aborigines and low class Hindus, while the middle and the higher Hindu classes form a very small proportion of the population, about 15 per cent.

And now I think we come to what is very largely the reason for this Resolution being brought. The Santhal Parganas, Sir, as you possibly know, possesses a very pleasant climate. It has one of the pleasantest climates readily available to the inhabitants of the province of Bengal, which is on the whole hot and steamy. In the Santhal Parganas the air is much fresher and it is a place very largely resorted to by visitors from Calcutta and many Bengali gentlemen have built themselves houses in those parts, and indeed I think I am correct in saying that a large number of nursery gardeners ply their trade there and the bulk of the flowers for the Calcutta market are grown there. Well, Sir, in that fringe in the east and south of the district where it adjoins Bengal, there is also excellent railway communication and numerous Bengali colonies have sprung up. I think they treat it very much as their hill station. To many I believe the climate is more agreeable than that of the hills, being comparatively warm. Now undoubtedly these immigrants do not like the land laws of the Parganas, which prevent them from acquiring land as easily as they could in the ordinary British district; and that, Sir, I suggest to the House is the main reason for raising this question in regard to the Santhal Parganas. (Laughter.) Of course I do not suggest that applies to the Damin-i-Koh tract. I do not think that there are or are likely to be immigrants who would wish to live in the Damin-i-Koh tract—that is jungle country and mostly hill and forest land which really could only be occupied by people who live much

as the Santhals do. Now if there is one thing clearer than another, it is this that whenever a change is made which brings the Santhal Parganas within the operation of the ordinary law, there is unrest amongst the Santhals. It is not a matter of argument, it is a matter that we can see in history. The Cleveland system broke down in 1855; it occurred again in 1871: it would occur, I am sure, to-morrow if we affected the law there in any serious way to the detriment of the original inhabitants. The experiment has been tried by Government itself. The Government of Bengal at one time were themselves eager to bring the district into the ordinary administrative rules, but they found that the mere suggestion of doing so led to trouble and they had to give it up. I trust this House will take the view that it is not desirable to trouble an area of this kind (*An Honourable Member*: "Civilized Administration") which has, as my Honourable friend very correctly points out, a civilized administration admirably adapted to its inhabitants.

Mr. B. Das: Sir, may I inquire what the Government of Bihar and Orissa thinks about the administration of the Santhal Parganas? He has told us what the Government of Bengal thinks about it.

The Honourable Sir Alexander Muddiman: I did not hear the Honourable Member's question.

Mr. B. Das: What do Bihar and Orissa think about the administration of the Santhal Parganas?

The Honourable Sir Alexander Muddiman: The Government of Bihar and Orissa was still in the womb of time at the period to which I am referring.

Mr. B. Das: May I know what is the opinion of the present Government of Bihar and Orissa about the administration of the Santhal Parganas?

The Honourable Sir Alexander Muddiman: The opinion of the present Government of Bihar and Orissa is very strongly opposed to any change. (*Laughter*.) If my Honourable friend will refer to the debate which took place there on December 22nd, he will find more and far better reasons than I have given—given by people who know the people far more intimately than I do.

Mr. A. Rangaswami Iyengar: What was the result of the debate?

The Honourable Sir Alexander Muddiman: As usual, the defeat of the Government. (*Laughter*.)

(At this stage Kumar Ganganand Sinha rose.)

Mr. President: Order, order. No more questions.

The Honourable Sir Alexander Muddiman: Now, Sir, I have dealt with the Santhal Parganas very fully and faithfully. I have also talked a very long time. There remain two more tracts—one of them an extremely important one—on which I should have liked to say a few words, but I will leave them to other speakers to deal with. I will however deal very shortly with the position in Angul. Now you have ruled, Sir, that the only point here is whether the present application of section 52-A should be changed, and I understand that you do not wish me to discuss at length any other point. I shall merely therefore content myself with saying that

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Angul is a forfeited State—it was forfeited as the result of a rebellion. It is situated in the Tributary Mahals of Orissa: those are hill States which fringe the British districts, from which I think my Honourable friend who interrupted me comes. They lie deep in the hills and jungles of that tract—and there is a particularly jungly tract attached to it which is known as the Kond Sub-division of the Kondmals. Both these tracts are inhabited by wild and primitive people.

Pandit Nilakantha Das: But they are not contiguous.

The Honourable Sir Alexander Muddiman: Both tracts are inhabited by wild and primitive peoples, and the higher Hindu castes represent only about 5 per cent. of the population. The administration of the district has always proceeded on lines entirely distinct from that of the Regulation Districts; and that, Sir, I think is a sufficient justification for the inclusion of that tract within the backward districts notified in section 52-A—which is the only point which I have to meet. Sir, the remainder of the case I will leave to other speakers to develop.

Rai Bahadur S. N. Singh (Bihar and Orissa: Nominated Official): Sir, I rise to oppose the Resolution as well as the amendments pertaining to it. Sir, the Santhal Parganas and Chota Nagpur are quite different from the rest of the province of Bihar and Orissa.

(At this stage the Honourable Member was being interrupted.)

Mr. President: Order, order. The Honourable Member must understand that the Honourable Member is making his maiden speech. (Hear, hear.)

Rai Bahadur S. N. Singh: Sir, the Santhal and the Oraons are quite different from the people of the rest of the province. Sir, they have got a history of their own and are of a primitive type. They would like to be let alone as much as possible from all outside interferences. Sir, some outsiders from the neighbouring provinces of Bengal and Bihar have settled down in these tracts, especially after the opening of these tracts to railway traffic, and all such demands for a change in the present form of administration comes from such settlers. But, Sir, I can assure the House that their number is very small, and I hope, Sir, that the gallant movers of the Resolution and of the amendments who do not really belong to these parts will bear me out in regard to these facts. Sir, I do really think that any change in the present system of administration in these parts will be simply disastrous. It will increase the cost of administration and disturb the simple, homely life of more than 80 per cent of the population. It would involve them in litigation and add to their poverty. Sir, I am sure the inhabitants of these parts will by no means be thankful to the movers of the Resolution and of the amendments; on the other hand they would raise their hands in prayer and say, "God, save us from such friends!" (Laughter.) Sir, the people in these parts are very poor and they require to be dealt with in a very friendly and familiar way. Sir, the officials have got to deal with these people direct; the people are not yet sophisticated and they come to truth at once. (Laughter.) They detest all forms of protracted litigation or interference from outside. I really believe, Sir, that the adoption of any such measures contemplated by this Resolution or its amendments will be attended by grave consequences,

including armed uproar amongst the people concerned. And, Sir, the worst part of the thing is that the people really concerned cannot be heard by this Assembly. I would seriously request the Assembly to note that there is no demand of this kind from the people concerned. I may also assure the House that no responsible person in the province of Bihar and Orissa would pay any serious attention to such proposals. Of course, Sir, I am aware that there may be a few local lawyers who may be interested in such questions in order to have fresh avenues of litigation opened up to them. If anybody has got any qualms in the matter, I can refer him to pages 46 to 60 of the Gazetteer of the Santhal Parganas.

Sir, the mover of the amendment has harped on official iniquities in regard to local bodies in Chota Nagpur. I must remind him, Sir, that all these local bodies have got non-official Vice-Chairmen and I do not see how the mere substitution of official Chairmen can affect the situation. There may be a natural desire on their part to occupy places now filled up by official Chairmen. But I must also remind him that there are established in Chota Nagpur interests of an all-India importance, such as coal corners and the Jamshedpur business. These concerns are spread over two or three neighbouring provinces, the provinces of Bihar and Orissa, Bengal and the Central Provinces, and they require close and constant co-ordination of efforts in regard to communications and water supply, which can be arranged only by official agency. With these words, Sir, I oppose the Resolution and the amendments.

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I am surprised and saddened that after nearly three-quarters of a century of British administration this archaic simplicity of non-regulation tracts is sought to be retained. It throws a lurid commentary upon the system of administration adopted that these tracts should be held to be backward and the people have not, thanks to the civilising agency of these influences, been brought up to up-to-date conditions. That itself is quite sufficient to condemn the system which has been pursued and it calls for a complete reversal of the system. Is it to be suggested that the ideal of life and the ideal of Government and the ideal of administration and the ideal which has been pictured to us is the ideal which is for the whole of the civilised world or for the rest of India? Is it that we are backward or is it that these tracts, by an authoritative notification issued under a Statute of Parliament, are backward tracts? I take it therefore that it will not be said, that this is not a backward tract; and then if it is a backward tract and if really the rest of India has progressed, has become civilised, it is a monstrous thing to suggest that the system should be preserved. Notwithstanding all this lapse of time and all this benevolent care which has been taken in regard to these tracts by a paternal Government, nothing has been done to make the people come up to the standard. It shows that the schoolmaster is not sufficiently there. It shows that the lawyer, against whom a cheap gibe has been flung, is not there. It shows that the charge that was made that the people at the bottom of this affair, who moved the Resolution, did so for the purpose of acquiring land, for the purpose of the alien Bengalis acquiring land, is absolutely an untrue charge. It is perfectly certain that what is wanted is not that people from outside should go and acquire lands. Every one knows that for the sake of zamindars in one province, for instance in Madras, estates had been made inalienable. Everyone knows that inalienability is the normal rule in Hindu law which has been broken in upon by

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the British system of laws. Nobody would grudge for a moment any system of law which would protect people from selling their lands, which would make inalienability the rule in respect of peasant holdings. This is a gibe which paternal administrators fling at us. Let us pass it by. Of course we have got money-lenders; I suppose some banks have to function there. We were told that these people were very extravagant. They must find the money from somewhere or other. If not one set of money-lender, another group of people will be there I suppose. I think all this is beside the mark. The real truth is that certain tracts in all the provinces, for instance certain tracts in my own province of Madras, are regarded as non-regulation tracts still after a century of British administration and I think the difficulties are absolutely unfounded. I have heard to-day the same tale which I have heard elsewhere, of the lawyer, the money-lender, the foreign exploiter, rebellions and *fituris* and all the rest of it, though the population is in no way different from the population across the border of these agencies. I presume in these salubrious tracts there are Bengali colonies, I suppose the influence of civilisation has extended, has permeated and no disturbances have arisen and flower gardens and other things are there. I think the less said about disturbances being created by the intrusion of law and order the better. That by bringing any province under the regulations disturbances will arise is a very sad commentary upon the system of administration that has been pursued. I do not wish to go back to antiquities and to antiquarian research, in which the Home Member has indulged. That is not my province, that is not germane or relevant to the topic (*Honourable Members*: "Yes.") It may be in your estimation, not in mine. History and the people for whom we are responsible will in no uncertain voice pronounce the severest condemnation upon this kind of keeping back certain tracts, richly endowed tracts, deliberately as backward tracts. I wonder sometimes is it for the purpose of showing that India is a land of different levels? Is it for the purpose of saying "You have got Indian States, you have got backward tracts? How then can you have self-government?" Is it for that purpose these things exist, or is it to supply fireside stories to our friends in their days of furloughed or retired ease? Is it for that purpose that these tracts exist? I really am unable to understand. I wonder what the reason is why after a century of British rule these tracts should be meted out this kind of injustice. I was told by the Honourable Member who is as much a maiden as I am (Laughter) that the people of these tracts would not shew their gratitude to us if we went into this matter. I think the people of the tracts are poor innocent people. They are not the people whose opinion has got to be taken. We are really the trustees of the people and not my friends on the other side. We on this side of the House are the real trustees of our own kith and kin and we know exactly what they want. (Laughter) We do not wish to be told that our intervention is uncalled for. I suppose my friends on the other side can manufacture opinion. All that is necessary, Sir, is to see whether these tracts which have been as civilised as the rest of India should still be declared to be backward tracts. I think the very fact that a great deal of care and caution have been taken and a benevolent Providence has surrounded these tracts with all those devices which a very careful Government have lavished upon them, I suppose all these may be taken as some proof that these tracts have come up really very forward.

May I say that this conservative insistence on vested interests must be resisted at all costs. It is nothing but a perpetuation of a thing which must now cease. If we were to look at this not in the spirit of laughter but in the spirit of seriousness, I think it will reflect very little credit upon those concerned. If Indians were in charge of any province and had administered it for a century or century and a half and were unable to improve things, I think that people would have the right to claim that we should write ourselves down as egregious failures. That is the only verdicts which impartial history and posterity will write large on the forehead of the existing Government.

I do not propose to enter into other matters, because I have not that local knowledge and cannot add those irrelevant details of colour and picturesqueness, but the human aspect of it, the civilising aspect, and the aspect of fundamental rights of Indian humanity require that these tracts should be treated like the rest of India, and demand that this Resolution and its amendments, which are in a most comprehensive form, should be passed by the unanimous vote of this House.

Dr. B. S. Moonje (Nagpur Division: Non-Muhammadan): Sir, I have carefully heard the arguments of the Honourable the Home Member. There is no need in the first instance to amend the Government of India Act, as His Excellency the Viceroy has got full powers, if it pleases him, to make any change he likes in the matter.

The Honourable Sir Alexander Muddiman: I never said anything about there being a difficulty in changing it.

Dr. B. S. Moonje: If I have misunderstood the Honourable Member I will withdraw from that point.

His second point is that we were inspired to move this Resolution because we feel a kind of slur, that the backwardness is a slur upon the people. If looked at from that point of view, perhaps the whole of India is exposed to that slur. It is this backwardness of India which causes it to live under English domination. If India had not been backward as other countries of this world, India would have been an independent country, under its own rule. So this argument that we have been inspired in moving this Resolution on account of the slur is absolutely incorrect. The question really is one of real grievances felt by the people of the province. With reference to criminal cases the information supplied to me is that except for Sessions cases, only Europeans have the right to appeal to the High Court of Bihar and to be defended by lawyers. I am subject to correction. The decisions of the Settlement Courts cannot be challenged before any civil court, and are final. Both civil and criminal cases are tried by Deputy Magistrates and Collectors. The Legal Practitioners Act is not enforced, and the right to practise in any Santhal court is determined by the District Officers. Are these the laws under which people, under the present circumstances, in these our times, are being governed in those provinces? And do we seriously mean to say that these laws would contribute to the good of the people, and that if our laws are introduced there they will do them harm, and the people will not like those laws? It passes our comprehension when we are told in this Assembly that if we introduce civilised laws the people themselves will rebel against them.

We are told that the Parganas are being very rightly governed, and from the point of view of the interests of the people are being governed by very good officers. I have myself come across individual officers who were

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very good people. There is no question about that. For the matter of that the whole of India may be governed by very good officers, so that there was no need to establish the Legislative Assembly. My Honourable friend over there is a very good man and a very good administrator, and would he like the whole of India to be governed by one good and honest man such as he?

We are further told that the Santhalis are addicted to drink and are a very excitable people. I am only sorry that the people of India are docile and timid and weak. They are not really as excitable as our friends over there. Fortunately we are not addicted to drink as many people in the world are, and I hope that India will never be addicted to drink, and if addiction to drink and excitability are the two things which are causing the province to be declared backward, I do not know how many parts of the world will have to be declared as backward tracts.

The Santhalis are said to be a source of terror to the surrounding country and were a terror to the Bengalis.

The Honourable Sir Alexander Muddiman: Pardon me, I never used that argument at all. What I did say was that during the Santhal rebellion, outrages of a serious character were committed, which did alarm the inhabitants of the neighbouring districts.

Dr. B. S. Moonje: I am only sorry that the surrounding districts of Bengal should have been terrorised by a little rebellion in the Santhal Parganas. Bengal at the present moment is so accustomed to be terrorised in that sense that to believe that such a little disturbance is going to terrorise them is nothing short of cant. I should think that Bengal should not be tired of these disturbances, because these occasions should be sources of strength to Bengal, and I do not think the Bengalis would object to the Resolution.

The last point, and it was very beautifully put, was that the Santhal Parganas has a beautiful climate and the peace-loving and rich people from the surrounding districts, mostly Bengalis and Biharis, would like to have some portion of the Santhal Country. Where is the man in this world who could be said to be exempt from that temptation? When Simla was acquired, was there any other motive? When Mahabaleshwar was acquired was there any other motive? We people want to live in our own country under the best of circumstances, and I do not think anybody should grudge us. Therefore to say that this demand comes from a sordid motive is absolutely a wrong argument, and I hope that this argument will not be used by our administrators. I therefore support the Resolution.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): The Honourable the Home Member commenced his remarks with a sigh that the Government of to-day do not follow in the wake of the Government of 1829

The Honourable Sir Alexander Muddiman: 1776.

Sir Purshotamdas Thakurdas: 1776? Thank you. 1776, which put an inscription on the grave of one of its prominent officers eulogizing the methods employed by that officer for peaceful and permanent domination of a primitive race. It is only right to congratulate the Government of

India to-day that it refuses to recognise the services of any of its officers who seeks to enforce domination over the people of India by any method at all. Since 1776, Sir, in the year of grace 1833 the British Parliament passed the first Government of India Act, and the words of Lord Macaulay on the second reading of that Bill are the words which ought to be the ideal of every British officer, whether Indian or European, in this country.

Lord Macaulay, Sir, then said that the Bill he was asking the House of Commons in 1833 to pass was meant not only to keep India under peace and under the domination of Britain, but to lead India to be a self-respecting and self-reliant part of the British Empire. He said if his Bill led India that way he would not rue that day. If the Government of India to-day will not recognise the services of any officer who follows the ideal of Lord Macaulay, the grateful people of India, Sir, will not fail to do so.

That, Sir, hardly applies to the case of the Santhal Parganas or to the question before us. The day has gone by when an officer who merely keeps the people peaceful and quiet will be appreciated. That, Sir, hardly appeals to the Indian in Bihar and Orissa or in any other province to-day. What we want to-day is progress towards a self-respecting and a contented citizenship. After this long rule even by the most capable of officers, the Honourable the Home Member is not able to say that that ideal has been achieved in the slightest degree in these backward tracts. That he should to-day still have to rely on the plea that the people in these tracts are backward is to my mind a confession that the British Government have not been able to do for those people under that particular method of rule what has been achieved by the people in other presidencies. This, therefore, is my reason for supporting the question before the House.

But I should like to examine for a minute or two one or two reasons which have been advanced by my Honourable friend the Home Member why in these Parganas the same sort of rule should be continued as heretofore. He said that the climate of the place is good and that some of the laws which still exist there under this semi-primitive form of Government prevent non-Santhali persons from acquiring land. Our friend over there, Sir, who made his maiden speech to-day, supplemented what the Honourable the Home Member said, and if I may draw an inference which I think is justified, the main reasons for continuing this state of affairs or for opposing the Resolution is that Government are anxious to protect the rights of the Santhals as against the Bengali and other Indians. May I ask, Sir, whether they are anxious to protect the rights of the local natives in that province as against the Bengali and against the other Indians only, or is the same policy being adopted as against the European?

The Honourable Sir Alexander Muddiman: Certainly.

Sir Purshotamdas Thakurdas: My Honourable friend over there who represents the Government of Orissa.

Mr. Jamnadas M. Mehta: He misrepresents them!

Sir Purshotamdas Thakurdas: At any rate he represents them as far as this House is concerned, and he stated there are coal mines,—he also mentioned steel works.

The Honourable Sir Alexander Muddiman: I do not want my Honourable friend to be misled. I think he was referring to Chota Nagpur, not to the Santhal Parganas

Sir Purnshotamdas Thakurdas: We are discussing that on the amendment, Sir.

The Honourable Sir Alexander Muddiman: I thought you were referring to the Santhal Parganas.

Sir Purnshotamdas Thakurdas: I am referring to the whole of the tract, if I may say so. I must confess I am not as intimate with the geography of the place as my Honourable friend is, but I refer to any one of these places. I am not irrelevant. The Rai Bahadur who represents the Bihar Government here told us there are coal mines and steel works there and that in order that these coal mines and steel works may work in co-ordination—I think that is what he said—this admittedly backward form of Government was desirable. Now I ask the Honourable Member over there whether, when he has retired on pension, he will, as an Indian, not prefer—if he is a native from one of these backward tracts—that the coal mines may be developed later if their present development is a reason for being in the way of ruling the people there in the same manner as other parts of India are ruled? I therefore, Sir, feel that, particularly in view of the fact that the Bihar Council defeated the Government in the attitude they took there towards this question and the Bihar Council may be taken by this House as knowing best the requirements of the Santhalis and the others concerned, this House will be failing in its duty if it did not pass the amendment of my Honourable friend Mr. B. Das. I have great pleasure in supporting this, Sir.

Mr. J. T. Donovan (Bengal: Nominated Official): Sir, I am privileged, and I am amongst the few in this Assembly privileged, to have spent part of my life and to have served in Orissa and Chota Nagpur and to have known something from personal experience about the geography of those strange lands, even to the confines of Angul. In that, Sir, I think I am unique here, for not even Mr. Das has penetrated as far as Angul.

Mr. B. Das: It is part of my constituency.

Mr. J. T. Donovan: My friend, Sir George Paddison, says he has been as far as the Khondmals. I, therefore, can not claim to be unique, but the personal experience of those parts is at any rate on these Benches. The picture which the Honourable the Home Member drew of Angul was mild. I shall not attempt to supplement it. It was quite sufficient for the purpose which he had in view. Nor do I intend to speak of Chota Nagpur or Orissa. I would rather speak of the district the confines of which I have never passed; and in that, Sir, in speaking of a place where I have never been, I think I shall find myself in good company. Of course, the synic may say that I have an object in resorting to this method of many eminent and successful debaters and talking about something of which I know nothing. There is a great advantage sometimes in speaking on a subject of which one knows nothing. There is never the danger that the hard realities of knowledge and experience will hold one up. There is never the fear that the persisting picture of the real will be there before him to make the orator, who has a conscience,—for even orators sometimes have a conscience,—pause when the pinions of his fancy or the torrents of his eloquence are sweeping him swiftly on to the realms of the unreal. But, Sir, it is not for the sake of that advantage that I am choosing to speak of the Santhal Parganas. My Honourable friend who moved this

Resolution will admit that there are many Santhals outside their beautiful home as well as inside. The western districts of Bengal—Dinajpur, Rajshahi, Murshidabad, Hugli, Midnapur, Birbhum, Bankura, Burdwan and Malda—all those districts are teeming with Santhals. For those of my friends opposite, who argue that under the ordinary laws of Bengal the Santhals would be a prosperous people, it is indeed an unfortunate fact that so many Santhals are to be found in these districts. I have some experience of the Santhals in these districts, Sir, and quite possibly in this too I am unique in this Assembly. I have known them in these districts for about ten years. One of the last sights I saw before I came here, to take up my important duties in this Assembly, was party after party of Santhals marching through the district to reap the harvest for the Bengali. These Santhals have come year after year in their thousands to reap the harvest in Bengal. They are a populous and sturdy race. Many of them have settled in Bengal with all the advantages of High Courts and Reforms constitutions which Bengal enjoys and free from the oppressive restrictions denounced by my friends opposite. What is the result?

It was my fate to be for two years in charge of the settlement operations in the Borind area of Rajshahi District, a large tract of which had gone out of cultivation and had in recent times been brought back to cultivation. By whom? By the Santhals. I did the settlement of the Borind area, and how few were the Santhals I found there who had acquired the occupancy right, in spite of the fact that it was they who had brought the land back to cultivation! I ask anybody who knows Bengal, what is the position of the Santhal cultivator in Bengal? Has the Santhal got anything like his share of the rewards of his labour on the land? Or do you not find, wherever you find colonies of Santhals—do you not find them as *adhiaars bhag* tenants and payers of produce rent, often even to the extent of more than 50 per cent. of the produce of their land? That is the very reason why these special laws in the Santhal Parganas are necessary, because the Santhal has never been able to hold his land. Santhals have come to Bengal, as I have said, where the laws are in their favour, where there is nothing in law to prevent transfer of land. They have cleared land; they have settled on it and they have been ousted again. I have seen that too often to have any doubt about it. My friend who moved this Resolution suggested some remedies. As far as I understood him his remedy for the present state of affairs in the Santhal Parganas was to open the full flood-gates of the High Court jurisdiction and the Reforms constitution and let them loose upon these benighted people. I may not have heard him properly—I am referring to my friend from Purnea—I may not have heard him properly; and his speech has not been reported verbatim in the *Hindustan Times*; but I do not think I heard him say that his sole motive in moving this Resolution was the benefit of the Santhals. I do not think he can say that. . . .

Kumar Ganganand Sinha: I will.

Mr. J. T. Donovan: Does he say it now?

Kumar Ganganand Sinha: Yes.

Mr. J. T. Donovan: From the anguish in his voice when he deplored the paucity of leaders in the Santhal Parganas (*An Honourable Member*: "That is what troubles you.") it seemed to me that he was thinking more of another race.

[Mr. J. T. Donovan.]

Sir, what I did hear him say was this: that even in their homes the Santhals were diminishing in numbers, that in spite of their diminishing numbers, which ordinarily should tend to an increase in the area of holdings

Kumar Ganganand Sinha: On a point of personal explanation, Sir; I meant to say that it was on account of these laws that the Santhals were in such a bad plight as they are.

Mr. J. T. Donovan: What I did hear him say was that the Santhals are diminishing in numbers, and in spite of the fact of their diminishing numbers the average holding of the Santhal is something about 15 cottahs of land. For those who do not know what that means, it is about 8/4ths of a bigha, and a bigha is 1/8 of an acre I think, unless the Santhal bigha is something different. The average holding of a Santhal in the Santhal Parganas, in his own beautiful home, is $\frac{3}{4}$ of a bigha, and the average annual produce is 8 or 9 maunds. Now, Sir, my friend's panacea for the Santhal is to give him pleaders. Is not this giving caviare to the general? What is the good of a pleader to a man who has got $\frac{3}{4}$ of a bigha and gets 8 maunds of paddy a year?

Mr. A. Rangaswami Iyengar: What is the good of an Anglo-Indian Nabob?

Mr. J. T. Donovan: My friend can answer that question for himself if he wishes; but what good is the pleader to a man who owns $\frac{3}{4}$ of a bigha of land?

Mr. Amar Nath Dutt: Save him from his spleen being ruptured.

Mr. J. T. Donovan: I am sorry I did not hear my Honourable friend's interruption. The disputes which these people are likely to have are disputes of people who are in possession of $\frac{3}{4}$ of a bigha of land and get 8 or 9 maunds of paddy a year out of it; they are not disputes on which they could afford to engage a pleader. Sir, I am making no reflection upon the profession of lawyers. I have the privilege of being a barrister myself and one great regret of my life is that I was deterred by the innumerable luminaries in that firmament from following the profession, in which perhaps I might have found more satisfaction than I find in the profession which I have chosen, and, as has now been suggested by an Honourable Member, perhaps more profit. Sir, the suggestion of providing pleaders for these people for their petty disputes appears to be no solution of the problem.

My Honourable friend took up another point and he objected to the non-transferability of land in that district. I have to some extent already dealt with that point. What I ask is this: If you do not have the law of non-transferability of land in the Santhal Parganas and if you have pleaders pleading, whom the Santhal cannot afford to pay, what would be the result? The man who could afford to pay a pleader would be the man to win the case and get the land every time.

Mr. A. Rangaswami Iyengar: Hardly a compliment to you gentlemen.

Mr. J. T. Donovan: Whatever it may be, we do not claim to be infallible. But it is a fact and it does stand to reason—and I am perfectly

serious in asking this House to believe and accept this statement—that the man who has a pleader behind him has a better chance of winning his case than the poor unfortunate Santhal who cannot afford to hire a pleader.

The deductions which my friend, Sir Purshotamdas, and some other speakers have drawn from the arguments which have been put forward and from the picture which the Honourable the Home Member drew, are not exactly the deductions which I should make. If I were to be told that these people had been protected by every possible means within the power of this poor Government, who were doing their best, if I had been told that for a century this poor Government had been doing its best and had by special laws to the best of its enlightenment, passed for these people, tried to protect them and that it had failed, well, Sir, one deduction that I should make from that would be that it had not done enough, that there should be more special laws and that they should be administered more stringently

Mr. A. Rangaswami Iyengar: Martial law and no damned nonsense.

Mr. J. T. Donovan: Instead of that, Sir, a suggestion comes from the other side, from Sir Purshotamdas Thakurdas, that we should go in for a system of which we do know the working elsewhere. We have tried that system for Santhals; I say that system has been tried by the innumerable Santhals who have strayed into Bengal and the fate of those Santhals is worse than the fate of those who stayed behind. This is perhaps prophetic of the fate of those who will accept his advice on a matter nearer Sir Purshotamdas' heart.

My friend on the other side also complained about one other thing. He put it as a grievance and said that one of the evil things in this delightful Santthal Parganas was that there were less than 1,200 moneylenders there—there were only 1,115. Well, Sir, when I read the Gazetteer I really admire the courage of the 1,115. On page 56 there is a tale that might deter any moneylender from going to the Santthal Parganas. Sir, the Santthal rising in 1855 was precipitated by moneylenders; and although there are so few moneylenders at present there are very, very many potential moneylenders and they are only waiting for the opportunity the moment the restrictions on transferability of land are removed. My friend need not worry; there will be many more moneylenders.

But if his point were to suggest to Government that something might be done to finance these people in their agricultural operations, then he would be much more sane in his proposals; then I should have given him very much more credit for having the interests of the Santhals at heart. Unfortunately, before he made that suggestion, he was not ashamed to suggest that the system of *Krishani*, a system of slavery, should be retained. He suggested it, I am not surprised that my Honourable friend

Kumar Ganganand Sinha: On a point of personal explanation, Sir, I did not suggest that *Krishani* as a system of slavery should be retained. I said that *Krishani* was not a system of slavery as alleged by my friend opposite.

Mr. J. T. Donovan: He said, Sir, that the system of *Krishani* should be retained. That system, he admits, has been characterised by this wicked Government as slavery. I am not going to explain what the system of *Krishani* means. If my Honourable friend wishes to do so, he can do so in his reply, and if he can convince his friends, and especially his labour friends, that *Krishani* is anything but slavery, he is welcome to their support. But, Sir, before he made the suggestion about financing the Santhals in their agricultural operations, he was not ashamed to suggest that this system, which some people at any rate think to be slavery, should be retained. (*An Honourable Member*: "Abolish it".) You cannot abolish it by making land freely transferable. If you remove the restrictions on the transferability of the land in the Santhal Parganas, the Santhals will be driven to much greater misery. We do know that in Bihar and in Bengal people have sold their little bits of land for a few rupees and then, sold themselves, their living children and their unborn children into slavery. In Bihar and Bengal that has been known to happen. My Honourable friend may deny it if he can, but that, Sir, is an indication of what would happen to the Santhals, if these people, these guileless people, who love the jungles and forests, were left to the tender mercies of the *mahajans*, who could afford to hire a pleader on a point of law.

Sir, if the Honourable Mover had suggested that something should be done to finance agricultural operations in the Santhal Parganas, I would have been with him every time, for, as an officer who had charge of the Bengal Co-operative Department for five years, I am deeply interested in the financing of agricultural operations. We did try to do something for the Santhals. Unfortunately, the utter fecklessness of the Santhals has proved an almost insuperable barrier. We have tried to do something for them, and something possibly could be achieved, but I do feel that the only lines upon which we can safely finance the Santhal cultivator is on the lines of co-operative credit. If my Honourable friend thinks that I am mistaken in this I should like to hear him say so, and I should like him to make alternative suggestions. Is he going to suggest only the alternative of the *mahajans* with all the machinery of the law behind them and, all the prospect, the tempting prospect of the land in the Santhal Parganas before their eyes?

Sir, I had thought of telling some tales about the Santhals, but they do not seem to be agreeable to the other side. (*An Honourable Member*: "Go on.") and I shall not trouble the House with those tales. But I would like to say that the Santhals are a hard working people, they are a loveable people, but they have their faults. (*An Honourable Member*: "Which of us have not?") We all have our faults. The Santhal apparently can lose his temper. He lost it in '55 and '71. I have seen him lose it more recently. I know of a disturbance in the north-west of Bengal in which a European officer received the arrow of a Santhal, in a rather awkward place. I know of a disturbance in the south-west of Bengal where two European officers owed their escape from Santhals to a very nimble retirement. But, Sir, the ordinary Santhal . . .

Mr. President: Order, order. The Honourable Member has already exceeded his time limit.

Mr. J. T. Donovan: I will stress in conclusion, Sir, that the Santhals are a hard working race, and many of them are landless labourers, and most of them work for daily wages, and if my Honourable friend really wishes to help towards their welfare, he will have an opportunity, which I hope he will not neglect, on the 7th of March.

Mr. Chaman Lall (West Punjab: Non-Muhammadan): Sir, my Honourable friend who has just spoken is always interesting, and when he was speaking of the woeful condition of the Santhals, I felt like making a collection of all the handkerchiefs on the Swarajist Benches and wiping away the tears on his cheeks. (Laughter.) But, Sir, what had the Honourable Member to say in defence of the present position which the Government have adopted? All that he had to say was this, that the reason why the Government will not permit a civilized form of Government to prevail in the Santhal Parganas is (amazingly enough) because the Government does not want any lawyers or pleaders to go and practise there (Laughter). Even on that point, Sir, although my Honourable friend waxed eloquent, he was entirely wrong or else he misled the House, for, does he not know, Sir, that, in spite of the fact that the Legal Practitioners' Act has not been extended to the Santhal Parganas, yet already pleaders can be called in as a matter of right to argue in cases of the value of Rs. 1,000 and over? Is it not true, Sir, that in spite of the fact that the Legal Practitioners' Act has not been extended to these Parganas, pleaders have still a right of going there to argue in cases of the value of Rs. 1,000 and over? . . .

Mr. J. T. Donovan: How many Santhals possess one thousand rupees?

Mr. Chaman Lall: I did not catch what the Honourable Member said.

Mr. J. T. Donovan: How many Santhals have one thousand rupees?

Mr. Chaman Lall: Sir, the reason why many Santhals have not got even a thousand rupees each is because the system of Government you have in the Santhal Parganas puts a premium on their backwardness and poverty. (Cheers).

The Honourable Member talked about slavery, and he talked about the system of *Krishani*. Now, Sir, when you have been governing that tract for the last seventy years, why have you not abolished that system? Does it lie in your mouth, does it lie in the mouth of the Honourable Member over there, to complain about the system of slavery prevailing in that particular tract? It does not lie in his mouth, and I say that the reason why that particular tract is poor is because the system of Government that prevails there is such that . . .

The Honourable Sir Alexander Muddiman: Would the Honourable Member . . .

Mr. President: Does the Honourable Member (to Mr. Chaman Lall) wish to give way?

Mr. Chaman Lall: Most certainly.

The Honourable Sir Alexander Muddiman: I only want to ask the Honourable Member if he would care to describe the system to the House?

Mr. Chaman Lall: The system, as I understand from my Honourable friend behind me, is this, that you are enabled to take the labour of a man and give him something in kind. It is a sort of labour which is akin to *begar* labour. That system, whatever it may be, is condemned on both sides of the House. I say that that system prevails there, and it

[Mr. Chaman Lal.]

was up to you who were governing that tract like a paternal Government to abolish it. Why did you not abolish it? I understand, Sir, that something like 84,000 people have left the Santhal Parganas, and my Honourable friend over there waxed eloquent about the condition of these emigrants who have gone to Bengal and had their lands taken away from them even in Bengal. Did my friend ever give me a single example of the condition of these 84,000 people who, in his imagination, were so badly treated in Bengal that they had to leave their holdings to work in adjoining districts? Not one single example has he given us, not one quotation or any authority has he given us; on the contrary, he merely makes a statement on the floor of this House which he does not and cannot substantiate. I say, Sir, that their condition, though it may be worse economically, is better in this one respect that they live under a civilized Government, at least an alleged form of civilized Government in Bengal. In their own particular tracts in the Parganas what is the system of government? There is a Commissioner, and a Deputy Commissioner who are the Nabobs. The chief principles of this system are that (1) no advocates, no pleaders or mukhtars and no middlemen between Government officers and the people were permitted—I suppose by middlemen it is meant people like my friend over there (Mr. Donovan); (2) the contact with the people was direct. I do not know, Sir, what that means; (3) there was no regular police; that is a system which my friend loves; and finally, the spirit of the laws not in force was regarded, but no technical forms were allowed. (Laughter.)

Now, Sir, I want to draw the attention of the House to the results of this system of Government. I would like to draw the attention of my Honourable friend over there to the results of this system, and to what actually happens to the liberties of the people. It was stated in the Orissa Council that people were asked to leave bag and baggage, because they "*fanned non-co-operators, because they harboured a non-co-operator like Babu Rajendra Prasad, who was asked by a police constable to leave the place immediately if he cared for his safety.*" Babu Rajendra Prasad, the leader of Bihar, was asked by the police constable to leave the Parganas immediately if he cared for his safety. This is the state of affairs existing in the Santhal Parganas. (Mr. J. T. Donovan: "What is the date?") The date is 1922—'hat is the date, Sir. Not 1855. Perhaps my Honourable friend hoped it might be 1855. Now, Sir, there is another case; I will give an earlier case for the benefit of my Honourable friend who wants it:

"I have read of a case where the Magistrate at a trial in the Santhal Parganas came to a legal conclusion. A person against whom a case was proceeding died and his son, who inherited his property, was summoned for his father's offence. The Magistrate held that if the son inherited his father's property, why should he not also be punished for the offence committed by his father?"

(Loud Laughter.) I make a present of that, Sir, to my Honourable friend over there. Is that a civilised form of government? It is indeed a capital joke and my Honourable friends have raised a loud laugh about this matter, but this is really a most disgraceful state of things and it should not be dismissed with a laugh. Here are nearly two million people under what I can describe only as a damnable system of government, and are we merely going to laugh at it and deny them their liberty and ignore the fact that the Santhals are as much entitled to civilised government as you or I are? (Cheers.) I say, it is a mockery of civilisation to allow a

tract like that to exist under a paternal form of government to-day without any vestige of real self-government or any form of civilised government whatever. It is up to you to take your courage in both hands and bring civilisation and peace to the Santhal Parganas.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, I had no intention of intervening in this debate but the interesting and entertaining speeches made from the Benches on the other side have tempted me to make a few observations. I would not have minded the speech of my Honourable friend from Bengal because he is accustomed to make speeches of that kind, but I was really surprised that a seasoned statesman like the Honourable the Home Member should have employed arguments like that he used against introducing what they considered to be a civilised form of Government in the Santhal Parganas and the other tracts under discussion. All the time I was listening to his arguments, the impression left on my mind was that in his opinion all the amenities of civilisation which the British Government have conferred on India are bad for the Santhals and the people of those tracts except drink. If that is so, and if all the forms of civilised Government which have been introduced into India are bad for these people, then the best way of securing them full justice and full liberty according to their own ideas is to clear away from these tracts and leave the people to their own forms of government. But you deny them their liberty, you deny them their indigenous system, their own forms of government, and want them to remain under your despotic sway. That is not an argument. (*Nawab Sir Sahibzada Abdul Qaiyum*: "What about the North-West Frontier Province?") If you will just wait a moment, I will come to the Frontier Province. Now with regard to these Santhals, the arguments that have been used on the other side would not hold water anywhere. My Honourable friend Mr. Chaman Lal said, civilised forms of Government are being denied to them. He forgets that civilisation has different meanings in the mouths of different people and for different purposes. The English civilisation is good for England, but in India another form of civilisation must be manufactured. This form should not be all English but only as much English as suits the British rulers of India and furthers the interests of British trade. In the eyes of our rulers it is perfectly right to all the European capitalists to exploit the people, to allow them to buy and hold as much land as they need by dispossessing the owners thereof for hundreds of miles for the benefit of tea plantations, but it is bad to give the people of India hailing from another province an opportunity of taking land for the purpose of improving it. There are two different standards of civilisation; one for the European countries, another for Asiatic countries. I do not mind that argument, if it is carried to its logical conclusion, and that is, that the British Government ought to recognise that the benefits they claim to have conferred on India are not good. Why then extend them to the North-West Frontier Province of India from which Sir Abdul Qaiyum comes? The people of the North-West Frontier Province are as inflammable, if not more, as the Santhals. They are as "uncivilised", as brave, as simple and as apprehensive of the moneylenders as the Santhals. Why is Council Government better for the North-West Frontier Province, as was decreed by the Members of the last Assembly, and not for the Santhal Parganas? Is it because the one suits your Imperial purposes better than the other. The Santhals have not earned the gratitude of the military authorities of the Government of India.

[Lala Lajpat Rai.]

I submit it is a pity that this debate should have been lengthened to this extent but the responsibility for it lies with those Benches, who have been guilty (if I may be pardoned for saying so) of advancing some of the most nonsensical arguments.

My friend from Bengal was complaining that the Santhals go to Bengal for cultivating land but the Bengali landlords have not given them rights of occupancy. But that is not any fault of the Santhals; that may be the defect of the laws as they are in Bengal; it is no argument for keeping the Santhals under an irregular and primitive form of Government. The main argument on the other side, is that they do not want pleaders nor the interference of a High Court in the Santhal Parganas so that the British bureaucrat may be free to do as he pleases without any check or control from the ordinary laws of the land. Sir, I submit that this argument does not come with good grace from those Benches who have established the present judicial and legal system in this country. They should not indulge in cheap jibes at High Courts and lawyers. It is they who have introduced this 'cursed' legal system in this country and if it is bad the responsibility is theirs. But if it is good it is good for the whole country and not for those portions only which they select for the purposes of their interest. One of the arguments that I would advance in favour of this Resolution is, that we should have a uniform system of government all over India including all those parts which are in the heart of the country and not on the frontiers. I am saying nothing against its being extended to the Frontier Province; if it is needed it may be adopted there also. But do not let it be denied to those parts which are in the heart of the country. Let a uniform system of Government be established throughout this country so that no one should have any reason to be considered and called backward. One of the arguments used by the Honourable the Home Member referred to the small percentage of high caste Hindus in the Santhal Parganas. Their number was stated to be 15 per cent. of the total population. But there were lots of others whom the Honourable Member described as low caste Hindus. It was insinuated that the agitation for the regularisation of the administration in these tracts was engineered either by those Hindus or by the Bengalis who were using the district as a health resort and wanted freedom to buy lands or by pleaders who desired to fatten on litigation. I submit, Sir, these arguments do not carry conviction. They are the stock in trade of all despots and of all bureaucrats who want full powers which they can exercise without any legal check either from lawyers or law courts. The people who use these arguments do not consider for a moment that they are not furthering the cause of harmony and peace by advancing these kinds of arguments from those Benches. Then they should not be at all angry at the retorts that must follow in the nature of things from these Benches. No one on these Benches is prepared to take these insults lying down. The responsibility for any unpleasantness will be yours who are in possession and power. The Honourable Members would be well advised to weigh their words and not to provoke retorts.

Mr. Harchandras Vishindas: I move, Sir, that the question be now put.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, you know that I am neither a lawyer nor a moneylender, and I can assure you also, Sir, that I have not got much love for either lawyers or moneylenders. I am

taking part in this debate not because I have got much knowledge on this subject—I must admit, Sir, that my knowledge is derived only from the interesting speeches that I have heard in this debate—but because I desire to get information on some points connected with this subject. I want to get from the Government of India some information as to the steps they have taken to civilise the population of these backward territories. It was said that these tracts are placed under special legislation in order to protect the people. It is also said that they are not educated. I should like, therefore, to know, Sir, what special efforts have been made by the Government of India to educate these people. (*An Honourable Member*: “Nothing, Sir”) I know what Government have done or may do for the rest of the country, but I should like to know what special efforts the Government of India have made to educate the people of these tracts, and if they have not made any special efforts, I should like to know what is the justification for keeping these tracts under the special Regulations. If the Government of India can show that while they spend in other territories, say, Rs. 10 per head on education, they spend Rs. 100 per head on the education of the Santhals I can then understand that there is some justification for keeping these tracts under special Regulations. But if Government do not make any special effort to educate these backward classes, then in my humble judgment there is hardly any justification for these special Regulations.

Then, Sir, it was said that Government want to protect the original inhabitants of these territories from the moneylenders and that Government want to see that the lands of the Santhals are not transferred to the moneylenders or to the people of other provinces. Sir, I am at one with Government in their object. I should not like one acre of the land of the Santhals transferred to non-Santhals. But I should like to know what steps have been taken to prevent this being done. It is quite possible for the Government of India to introduce a civilized Government in these territories and pass a law that no land belonging to a Santhal shall be transferred to any other person. Let there be a law that no man who does not himself cultivate will get a piece of land in that territory. I am not prepared to give a single acre to any man who is not himself prepared to cultivate land. Let the Government of India pass such a law before they transfer this territory to a civilized form of Government and I shall not be against such a law.

Then Sir, I should like to know from the Government of India whether the areas for the coal mines were transferred to the companies by the Government of India or by the Santhals.

Mr. H. Tonkinson (Burma: Nominated Official): I understand that the coal mines which my Honourable friend refers to are not in the Santhal Parganas at all. They are in Chota Nagpur Division.

Mr. A. Rangaswami Iyengar: A similar tract.

The Honourable Sir Alexander Muddiman: There is no power of legislation by regulation in the Chota Nagpur Division at all.

Mr. N. M. Joshi: Some mines exist in Chota Nagpur. I thought you were in favour of having a law by which land could not be transferred to non-Santhals. I should therefore like this Government to explain why the land belonging to the backward communities in Chota Nagpur has been transferred to the companies which are at present running coal mines.

[Mr. N. M. Joshi.]

in Chota Nagpur, and if these lands have been given to these companies I should like to know what benefit the backward communities of Chota Nagpur are deriving except that they are being sweated in these mines as ordinary labourers.

Then, Sir, it was said that in the Santhal Parganas there is the system of *Krishani* or slavery. Again I ask, what efforts Government have made to abolish this system? Did they at any time find that this Legislative Assembly was against the abolition of a system like *Krishani*? If the Legislative Assembly was not against it, I want the Government of India to say why the system was not abolished. I know there may be some people who may defend it even in this Assembly, but I am quite sure their number will be very small. If the Government think that the Legislative Assembly will not give them the opportunity of passing such a legislation let the Assembly be put to test. It is up to the Government to test the Members of this Assembly on a matter like this. (*Lala Lajpat Rai*: "Abolish *begar* also.")

It was said that these people are in the habit of drinking. I should like to know what efforts were made to introduce legislation for prohibition in these tracts. Did the Government of India pass any legislation prohibiting the production, distribution and sale of liquors in these tracts? If they have not passed any such legislation, why should they bring forward this excuse of these people being addicted to drink as a justification for keeping these people under special Regulations? If Government do not want to introduce legislation for prohibition, then, Sir, certainly these poor people, who are being tempted to drink, will drink. But if Government consider it their duty to protect these people by special legislation let them introduce legislation for prohibition in these tracts before it is introduced in other tracts. I shall be very willing to allow these people to be under the special regulation of prohibition before the other parts of the country are brought under the regulation of prohibition.

Then, Sir, it was said that the moneylender plays havoc with these people. I should like to know what is the law of usury in these tracts. Is moneylending illegal in these tracts? I want the Government of India to explain to me why moneylending is not made illegal in these backward tracts. If they have not made it illegal the presumption is that Government are not against usury. They may be against the usury of some persons but they have no objection to the usury of some other persons. If they are against usury as such I should like to know why they have not yet passed any law against moneylending.

The Honourable Sir Alexander Muddiman: Unfortunately for the Honourable Member we have passed a law. If he has read Regulation III of 1872 he would be aware of what we have done though there are very great difficulties in our way. I do not wish to go into it now. I shall deal with it in my reply.

Mr. N. M. Joshi: Then, Sir, what I would like Government to explain is this. If Government are afraid that by introducing a civilized form of Government the original inhabitants of these tracts would be swamped and would be placed under the domination of the population of other parts, then I should like the Government to explain why they cannot introduce some legislation by which the other people will be kept out and will not

have much power in these territories. It is quite possible for Government to give a civilized form of government to the Santhals alone.

Sir, for these reasons I would like the Government of India to explain what special efforts they have made to protect the population of these backward tracts and if they cannot give sufficient proof of their having acted as the proper trustees of these people it is better that they should give these Santhals a chance of being under the ordinary form of government.

Mr. H. C. Greenfield (Central Provinces: Nominated Official): Sir, I find it somewhat difficult at this stage of the debate to find any new argument. I had quite a nice collection of arguments when I came here this morning but somehow they have all been discovered by other people as well (Laughter) and there is hardly any left for me now. I am however indebted to my Honourable friend Diwan Chaman Lal for reviving this morning an argument that was originally brought forward by the Mover of the original Resolution which we are discussing, and I think, Sir, that that argument, important though it might not be, will perhaps bear a little criticism. It will perhaps serve to show that we have not a monopoly of what one Honourable Member described as nonsensical arguments. The Honourable Member who moved the original Resolution, I forget his name, started off—in fact he based the whole edifice of his arguments on some statistics which he presented at the commencement of his speech and which he claimed to be illuminating though dull. I can assure the Honourable Member who produced those statistics and the Honourable Member who repeated one of them just now that I find them anything but dull. He described them as dull but illuminating, but I find them neither dull nor illuminating. They were in fact rather startling. Possibly some Members have forgotten them and remember only the deductions, the fallacious deductions which he based upon them.

The first figures which the Honourable Member cited were those of population. He said, and I shall not disagree with him, that the population of the Santhal Parganas in the year 1911 was 1,882,781, whilst a decade later in 1921 it had fallen to 1,798,639, a decrease of roughly 84,000, which was the figure again mentioned by my Honourable friend, Diwan Chaman Lal, this morning. And to what does he attribute this decrease? I will give you his own words.

“What wonder is there in such circumstances that 84,000 coolies have had to leave their homes and their children and go and serve in coalfields or in tea gardens? They have no option but to go and earn their livelihood elsewhere because their lands have been rendered unproductive by the existing laws and regulations.”

What is the chain of argument there? Between 1911 and 1921 the population has decreased by 84,000. Therefore we are given to understand that 84,000 have gone elsewhere, and they have gone elsewhere because their lands have been rendered unproductive by the administration, and therefore the administration must be changed—that is the line of argument. It has not occurred to the Honourable Mover that changes of population occur from natural causes. Nature apparently in the Santhal Parganas has achieved such perfect equilibrium that for every person born another dies, possibly instantaneously, and after ten years there is not the slightest change in the population except that 84,000 persons have gone off to work elsewhere. I suggest that the ordinary laws of nature still operate in the Santhal Parganas in spite of the machinations of wicked Deputy Commissioners, that there are natural changes in the population such as occur

[Mr. H. C. Greenfield.]

elsewhere. I may say that I have at various times had not only to collect but, what is perhaps more important, to examine the statistics of population for the purposes of settlement, and in the decade 1911-21 there is one outstanding cause of variation and that is the influenza epidemic of 1918. The enquiries that I have made from hundreds of villages have revealed a mortality ranging from 3 to as much as 20 per cent. and it is rare to find a tract where there has not been a natural decrease in the population over that decade from this cause. I have accordingly consulted the Bengal Census Report to see how a neighbouring province which has all the advantages of the reform fared during that decade, and I find that the district of Birbhum which adjoins the Santhal Parganas shows a drop of no less than 10 per cent. in the population during that decade or more than double the drop in the Santhal Parganas which is rather less than 5 per cent. If there is anything to be proved by those statistics of population, if they were not merely nonsensical arguments, I suggest, Sir, that the only conclusion which we can arrive at is that the Reforms have doubled mortality in or emigration from the district in which they operate.

I have only one other point to make. I think it was the Honourable Mr. Srinivasa Iyengar who started the characterisation of the administration and complained that no progress had been effected after three-quarters of a century of British rule in the Santhal Parganas. He spoke of this as lurid comment on the character of the British administration. He asked, "Is it that we are backward?" I take it that he did not mean by "we" he himself and his friends were backward. I suppose he meant that the Santhal Parganas are backward. Now, we were assured by my Honourable friend, Mr. Jamnadas Mehta, the other day that Mr. Srinivasa Iyengar is the President of the Indian National Congress and as such he represents the whole opinion of India. That is correct, I think. We may then take him as the ideal embodiment of democratic sentiment. In that case I am sure therefore that he would be prepared to endorse any action taken by what is generally recognised as the most democratic country in the world, the United States of America. Has he ever heard of the North American Indian?

Mr. Jamnadas M. Mehta: A very funny argument.

Mr. H. C. Greenfield: Has he ever heard in what ways the North American Indian reacted to the advance of civilisation? Has he ever heard of the Revolt of Sitting Bull, a revolt which is an exact parallel to the revolt of the Santhals in 1855?

Mr. Jamnadas M. Mehta: How is it parallel?

Mr. H. C. Greenfield: It is parallel in this way, that all primitive and aboriginal tribes are incapable of assimilating what we consider civilisation.

Lala Lajpat Rai: Leave them alone.

Mr. H. C. Greenfield: The progress of civilisation in America has resulted in the extinction of whole tribes of North American Indians.

Mr. N. M. Joshi: Was it voluntary extinction?

Mr. President: Order, order. The Honourable Member does not give way.

Mr. H. O. Greenfield: It was due chiefly to deterioration. I admit that it was partly due to actual warfare but a great deal was due to deterioration.

Mr. B. K. Shanmukham Ohetty: Contact with whites.

Mr. H. O. Greenfield: And in the Santhal Parganas I am told it is due to contact with Bengalis. The point I want to make is that the United States have realised that even the ideal democratic civilisation of the United States cannot be applied to a primitive and backward race and, Sir, they have acted very similar to the manner in which the British administration has acted in the Santhal Parganas. They have formed

an Indian Reserve in which ordinary settlers are not allowed to enter and obtain land; and that, Sir, is the only step that could have been taken to save the North American Indian from extinction. It is a fact that one observes in relation to any primitive tribe, whether in India or America, in regard to the Bushmen of Australia and in fact in every country of the world. It is not a peculiarity of the British administration, and I submit that my Honourable friends on the other side, if they are so imbued with democratic sentiment as they state, will recognize that it is necessary to protect backward and primitive races from the ordinary operations of civilized administration.

Mr. M. S. Aney (Berar Representative): Sir, it was asserted by one of the speakers that the motive which underlies the motion and actuates those who have moved the Resolution and supported it is somewhat of a sordid nature. I want to refute that argument by telling them that there is a better motive, and a motive which can be appreciated by the Members on the opposite Benches if they agree to follow my arguments a bit more seriously. These scheduled tracts and similar other tracts, where a civilized form of administration does not exist, are in my opinion so many breeding grounds for the germs of despotism to grow, and it is with a view to kill those germs of despotism and the consequent fell disease which has been eating into the vitals of the entire body politic of this country that we are actually driven to move these Resolutions and call upon the Government to introduce a civilized form of administration in these tracts. If you really want to have this country properly governed in a civilized way one of the essential conditions in my opinion is to see that there is no tract in this country where the officers can catch the contagion of or get the opportunity of training themselves in despotism. So long as tracts of this kind are in existence where they can learn to become tyrants and despots it will be impossible for the Government to supply this country with a type of administrator under whom a responsible form of government can grow. That is one of the reasons why we insist that the Government should annihilate all those forms of administration which do not recognize any civilized forms or methods. That is the main reason for moving this Resolution. It has been said again and again that Government are very desirous of giving a fair opportunity to this country to develop self-governing institutions on the lines of self-governing nations. What I want to say is this. If that is possible only by having a suitable type of administrator trained in the habit of responsible systems of government, then the first condition necessary is that he should not have any opportunity of forming an attachment for the system of administration which prevails in these scheduled tracts. That is one reason why we move these Resolutions.

There is a second reason besides this for me to get up and support it. There is an amendment to include the tract of Sambalpur also in this

[Mr. M. S. Aney.]

Resolution. Now, it may be known to this House that Sambalpur was once a district of the Central Provinces, and when that district was transferred to Bengal, it was practically on the same level as the district of Mandla in the Central Provinces. Sir, when the Government of India Act came into force, the district of Mandla was for some time exempted from the operation of that Act, but within five years the Central Provinces Government thought that the district was sufficiently advanced and competent to enjoy the privileges under the Government of India Act, and now the district of Mandla is given the same privileges which every other district of the Central Provinces enjoys under the Government of India Act. It is strange to find that with regard to the district of Sambalpur, which has been taken away from us and joined on to Bengal first and to Bihar later, the Government of India do not think that it is yet capable of enjoying the same rights which the district of Mandla, which was sometime before on the same level as the district of Sambalpur, is now thought competent by the Government of the Central Provinces to enjoy. I really want to know whether its connection with Bengal or Bihar has made it more incompetent, or whether that district has become unfit for any other reason to progress sufficiently on the same lines on which the district of Mandla has found it possible to progress and to become fit; I fail to see absolutely any reason whatsoever to exclude that district from the operation of the Government of India Act, when other similar districts in the Central Provinces have been found fit to enjoy those privileges. This is another reason why I support the amendment moved by my friend, Mr. B. Das.

Sir, in the end I want to bring to the notice of this House the very false, fantastic and misleading nature of the analogy which has been drawn by my Honourable friend, Mr. Greenfield, who hails from the same province as I do, between the residents of the Santhal Parganas and the North American Indians. I do not think that there is any justification whatsoever even for those who are responsible for the Government of the United States to treat the North American Indians in the manner they have done in the past or in the manner they are doing to-day, and it does not behove anybody to look up to those things as fit and desirable precedents; it does not behove the Government of India to look up to those precedents for perpetuating the tyranny in this country. If the Government of India want to set a better example, they should rather think that there is absolutely no harm whatsoever in extending civilized forms of government to these people and thus they should teach a lesson to the other countries to extend better rights to the people on whom they have in sheer ignorance and arrogance been looking down for so many years as barbarous people, unassimilable, as they call it, to the cultured races of the world. I earnestly appeal to Honourable Members opposite and affirm that if you are inclined to treat them as fit to enjoy an equal status and confer the same, you will find them to be your equals and compeers in no time; if you are determined to treat them as primitive, they will be annihilated. The processes by which they are being gradually annihilated elsewhere ought not to be made an argument or looked upon as precedents for justifying and perpetuating a similar sort of tyranny in this land. We want to do away with tyranny, and we shall work for it whether you wish it or not.

(Several Honourable Members moved that the question be put.)

Mr. President: The question is that the question be now put.

The motion was adopted.

Kumar Ganganand Sinha: Sir, the arguments that have been put forward by my Honourable friends on the official Benches are all stale arguments repeated times without number by many other Government officials. Some of these arguments have already been replied to on the floor of the House by the various Honourable Members who have preceded me, and I will only reply to such of them as have not been touched upon by other speakers.

The Honourable the Home Member has said that by notifications that have been issued and enactments that have been enacted long ago they are justified—if that be the only justification—in including the sections that we find now in the Government of India Act and from the operation of which I seek to have the Santhal Parganas and other tracts removed by this Resolution. Well, Sir, I really could not understand what the Honourable the Home Member implied by it. Does he want to perpetuate a thing which, bad in its inception, has had its bad effects ever since it came into being? If he does so, I do not know what to say. But after hearing Honourable Members here, can he, I ask, get up and say that these laws which he enacted are for the good of the people of the tracts? If they are not, I say at least remove such portions from the operation of those sections as are meant to be removed by the Resolution and the amendments that have been moved here.

The other point that was urged by the Honourable the Home Member was that the agitation for such removal was carried on not by Santhals but by outsiders with a view to acquire land or with a view to profit in the legal profession or for similar other reasons. I would in this connection do nothing more than remind the Honourable the Home Member of what the Honourable Mr. Ganesh Datta Singh, one of the Ministers of Bihar, said in the Bihar and Orissa Legislative Council on this subject. On the 7th of December, 1922, he said:

"Now, Sir, it is a fact that in the Santhal Parganas there are not only Santhals, but it is the home of the most civilised people of India, the Bengalis. Among the Santhals may be counted Lord Sinha and Sir Surendra Nath Banerji who have got their houses there."

Further on, he says:

"Here, I may say the peculiarity of the law is this that it is not applicable to men but applicable to land. It is not with regard to a certain class of men whatever their qualifications may be that they are governed by special law but because they live in that land and within that boundary they will have to be under that law. So it is only the question of land. If you live in the Santhal Parganas, you will have to be subject to that procedure."

And then he goes on to describe the various civilising elements that exist in the Santhal Parganas. Now, Sir, this is the opinion of one who has a voice in the Government of Bihar and Orissa. Even when he spoke it he had a voice in the Government of Bihar and Orissa. The division which was taken on this Resolution will further enlighten Honourable Members. Those gentlemen who voted for the Resolution on the subject, which ran in the same strain in which my Resolution runs, were 88; 20 voted against it, and those 20 gentlemen who were

[Kumar Ganganand Sinha.]

against it were all officials of the Government. All the non-officials including the Ministers voted for the Resolution. That will at once satisfy the Honourable Member that the feeling in Bihar is very acute so far as this question is concerned.

When he spoke of Santhals not being concerned with the agitation, I thought of reminding the Honourable the Home Member of the memorial that was submitted to His Excellency the Governor of Bihar and Orissa, in 1925, containing 13,000 signatures, of Santhals as well as non-Santhals. I have got the draft of the memorial with me, here.

Sir, I am not a lawyer, and my Honourable friend, Mr. B. Das, the Mover of the amendment, is not a lawyer either, and my friend, Mr. Ram Narayan Singh, though at one time a lawyer, is no longer practising; so, we cannot be accused of self-interest when we plead the cause of the Santhal Parganas in this House. If the Honourable the Home Member insinuated motives, I would say in return that the Government are in love with the despotic form of administration they have there. I would say that they do not like that the district should be free from the administration which makes the people slaves; I would say that they take revenge on them for rebellions.

Much was said, Sir, of Mr. Cleveland's services to the Santhal Parganas. They were splendid services at one time, I admit; but I ask the Honourable Home Member, has the Government retained the arrangements of Mr. Cleveland? Are the present arrangements the same as Mr. Cleveland wanted them to be or established in his own time? They have been considerably changed, Sir, by the Regulations of 1796, and the authority and the power that was once vested in the Panchayats has been taken away by those Regulations, and they are governed practically not by the Panchayats but by the agents of the Government in one form or other, call it by whatever name you may like. The substance has been taken away and they have retained the shadow.

Now, Sir, with regard to representation, I fail to understand when they are capable of sending representatives to the Assembly and to the local Council, why should they be incapable of sending representatives to the District Boards.

With regard to the statistics that have been quoted by my Honourable friend opposite, I want to make it clear that I am concerned with the laws. Here in the Bihar and Orissa Census of India, 1921, page 28, I find it stated that the number of births over deaths for these 10 years was 1,91,000 and the rate of growth of the population was again only prevented from being much higher than it actually was by emigration. Now, Sir, even if my figures be incorrect, and the figures quoted by my Honourable friend opposite be correct, I do not see how the force of my argument can be taken away by that fact?

Before I sit down I must refer to the amendments that have been moved by my Honourable friends. The amendment of Mr. Ram Narayan Singh includes Chota Nagpur, the district of Sambalpur and the Santhal Parganas. The amendment of Mr. B. Das includes the

Chota Nagpur Division, the district of Angul, Sambalpur and the Santhal Parganas. I would accept the more comprehensive Resolution of Mr. B. Das and vote for it although it is not very happily worded. In the last part of the amendment it reads: "to amend the Schedules of the Act accordingly". 'The Act,' I suppose, means the Scheduled Districts Act for with reference to the context it cannot mean the Government of India Act.

The Honourable Sir Alexander Muddiman: Sir, before this House commits itself to what I am afraid would be an unwise step, for it is always unwise to pass a Resolution where it is unnecessary, I should like to draw their attention to the fact that one of the motions on the paper, and of course I am not quite sure which will be put, refers to the withdrawal of section 71 from certain districts. The difficulty of dealing with all these very widely different tracts in a simple debate has made it hard to keep the debate as clear as I should have liked. I may point out that section 71 does not apply to Chota Nagpur. It does not apply to Sambalpur. Therefore, that part of the Resolution has already been met, and I would suggest that the House should be cautious before it adopts a Resolution recommending a course which is not necessary. I may also point out, to clear the issue there, that in Chota Nagpur the laws are the laws passed by the Legislative Council. There are no special laws in force in Chota Nagpur other than laws which have been passed by the ordinary Legislative Council outside certain special tracts; and I believe that is the same in Sambalpur, with the exception of three zamindaris which are a third of the district. In the rest of the district—I dare say Mr. Aney will be able to bear me out—the law is the same as in the neighbouring district of the Central Provinces. So as regards the Chota Nagpur Division and Sambalpur I really have a very small case to meet.

As regards the Santhal Parganas, the matter has been argued at considerable length and much interest has been displayed by Honourable Members. I should at once like to say that I trust they do not think that the debate has been conducted in any other way than debates are normally conducted in this House. If anybody has felt hurt on the other side by references to plunders I beg they will accept my assurances that no one has any desire to deride or laugh at that profession, a profession of the highest distinction. I beg that if any have felt hurt they will treat it I am sure as used in debate much as the expression "sundried bureaucrats". I should beg of the House to regard these interchanges as "Pickwickian".

I was a little surprised when I heard my Honourable friend Mr. Sri-nivasa Iyengar taking his line on this Resolution. It really was a very remarkable thing that Government should be attacked because the Government of India Act contains a section regarding backward tracts. It was suggested that by the mere fact that we had recognised there were backward tracts in India we were trying to get up evidence to show that India was not fit for self-government. Now, Sir, that really is rather a poor argument. It is the very existence of the power to declare tracts backward that enables us to move forward at all. Surely there is no one in this House who seriously contends that there are no backward

[Sir Alexander Muddiman.]

tracts in India and that the state of civilisation is the same all over India. Do Honourable Members really believe that it would be possible, in certain parts of the country, on our Frontiers and in many other parts, to extend the same political advance as is possible in other parts of the country? (Mr. A. Rangaswami Iyengar: "Ask Sir Abdul Qaiyum.") If Honourable Members really are prepared to argue seriously that the state of civilisation in all parts of the country is the same, well, all I can say is that I am somewhat surprised.

I was interested to hear my friend Mr. Srinivasa Iyengar observe that he had no use for historical research. I quite agree with him—I gather that he has none. Sir, I will leave him to his virginal isolation in that matter. I have a great respect for historical research, and historical research demonstrates to the full the necessity of the policy that has been adopted in the Santhal Parganas. I would ask the House however to observe that I have no desire whatever to defend or attempt to defend the extent of the restriction. What I am here to defend to-day is the power to restrict, and I do contend that there is a case for special laws in the Santhal Parganas. What the measure of those laws may be is a matter that ought to be agitated not here but with the Local Government. The only point I have to make here and to defend really is that.

Mr. Joshi demanded from me to do two or three things, and if I may have just two or three minutes more, Sir, I shall attempt to deal briefly with them. Mr. Joshi always appears in this House as the champion of the oppressed on all occasions. He says "What have you done with regard to moneylenders?" But when we ask him for his support on these matters we do not get it. Now, Sir, he said "What has the Government done? You say the *Mahajan* is rife in the Santhal Parganas; why did you not do something?" Well, Sir, we have done something and we did it fifty years ago. By section 6 of Regulation III of 1872 it is laid down that interest on any debt or liability for a period exceeding one year shall not be decreed at a higher rate than two per cent. per mensem and no compound interest arising from any intermediate adjustments of account shall be decreed. It is laid down that the total interest decreed on it shall never exceed one-fourth of the principal sum if the period be not more than one year. I think those who have listened to me fairly will admit that those are Regulations which are a considerable restriction on the ordinary law of debts in this country. I beg the House will listen to me on that point with attention.

Then it was said, what we had done to stop transfers? Raiyati rights are transferable only in a small portion of the district—about 250 square miles—along the borders of Birbhum, Midnapore and Murshidabad. In this area, which is inhabited mostly by Bengalis, transfers had been so frequent as to constitute a custom which had been recognised by the Government and the settlement officer. But later on the matter became so serious that first the local courts and then the Government found it necessary to declare all transfers not clearly covered by the settlement record to be illegal. Therefore, in the greater part of the district transfers are forbidden, and in a particular tract they are only allowed if they are supported by old records. I do beg this House to approach this

Resolution, when it comes to voting, very seriously. It was not necessary for me and I am not contending that all these restrictions are necessary. But I do contend that this House will be very wrong indeed and would fail in its duty if it did not admit that powers of restriction and modification are essential in these tracts.

Mr. President: Order, order. The original question was.

“That the following Resolution be adopted:

‘This Assembly recommends to the Governor General in Council that he may be pleased to take steps to bring about the withdrawal of the Santhal Parganas District in the Province of Bihar and Orissa from the operation of sections 52-A and 71 of the Government of India Act, 1919, and so to amend the Scheduled Districts Act, 1874, as to omit from it ‘III—The Santhal Parganas’ occurring in Part III under the head ‘Scheduled Districts, Bengal’ of the First Schedule of the Act.’”

Since which the following amendment has been moved:

“That for the original Resolution the following be substituted:

‘This Assembly recommends to the Governor General in Council that he may be pleased to take immediate steps to bring about the withdrawal of the Chota Nagpur Division, the districts of Angul, Sambalpur and the Santhal Parganas in the Province of Bihar and Orissa from the operation of section 52-A, sub-section (2) of the Government of India Act, 1919, and to amend the Schedules of the Act accordingly.’”

The question I have to put is that that amendment be made.

The Assembly divided:

AYES—50.

Abdul Latif Saheb Farookhi, Mr.
Abdul Matin Chaudhury, Maulvi.
Abdullah Haji Kasim, Khan Bahadur
Haji.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. M. S. Sessa.
Belvi, Mr. D. V.
Chaman Lal, Mr.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Ghazanfar Ali Khan, Raja.
Haji, Mr. Sarabhai Nemchand.
Hyder, Dr. L. K.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jogish, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kartar Singh, Sardar.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.

Lahiri Chaudhury, Mr. Dhirendra
Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Nayudu, Mr. B. P.
Nehru, Pandit Motilal.
Pandya, Mr. Vidya Sagar.
Phookun, Srijiut Tarun Ram.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rananjaya Singh, Kumar.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Singh, Mr. Gaya Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Ambika Prasad.
Yusuf Imam, Mr.

NOES—40.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Akram Hussain Bahadur, Prince

A. M. M.

Allison, Mr. F. W.

Anwar-ul-Azim, Mr.

Ashrafuddin Ahmad, Khan Bahadur

Nawabzada Sayid.

Ayyangar, Rao Bahadur N. A.

(Gopalaswami).

Ayyangar, Mr. V. K. A. Aravamudha.

Bhore, J. W.

Blackett, The Honourable Sir Basil.

Clow, Mr. A. G.

Coatman, Mr. J.

Cocke, Mr. H. G.

Donovan, Mr. J. T.

Dunnett, Mr. J. M.

Ghulam Kadir Khan Dakhan, Mr.

W. M. P.

Gidney, Lieut.-Colonel H. A. J.

Graham, Mr. L.

Haigh, Mr. P. B.

Hezlett, Mr. J.

Howell, Mr. E. B.

Innes, The Honourable Sir Charles.

Jowahir Singh, Sardar Bahadur

Sardar.

Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.

Keane, Mr. M.

Lamb, Mr. W. S.

Lindsay, Sir Darcy.

Macphail, The Rev. Dr. E. M.

Mitra, The Honourable Sir Bhupendra
Nath.

Muddiman, The Honourable Sir
Alexander.

Nasir-ud-din Ahmad, Khan Bahadur.

Paddison, Sir George.

Parsons, Mr. A. A. L.

Rajah, Rao Bahadur M. C.

Rajan Bakhsh Shah, Khan Bahadur

Makhdum Syed.

Roy, Sir Ganen.

Ruthnaswamy, Mr. M.

Singh, Rai Bahadur S. N.

Tonkinson, Mr. H.

Young, Mr. G. M.

The motion was adopted.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty Minutes to Three of the Clock, Mr. President in the Chair.

(Haji Abdoolah Haroon was called on to move his Resolution *re* reduction of postal rates, but was absent.)

RESOLUTION *RE* IMPROVEMENT AND EXPANSION OF BANKING FACILITIES.

Mr. Sarabhai Nemchand Haji (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to move the Resolution which runs as follows:

"This Assembly recommends to the Governor General in Council that a Commission consisting of a majority of Indian members with an Indian Chairman be appointed to investigate the present position of the banking institutions, facilities and conditions in India and to make recommendations for their improvement and expansion, with particular reference to the provision in adequate quantity and appropriate form of the capital or finance necessary for the development of the industries and agriculture of India."

Sir, in moving this Resolution I would particularly draw the attention of this Honourable House to the fact that in a sense this Resolution falls into two parts. Primarily what is wanted is that an enquiry be instituted

to study the banking position as it is to-day in order that we might make an all-round progress not merely in banking, but as a result of development in banking, in our industrial and agricultural life as well and in so far as stress is laid here, in the Resolution, on the particular reference to the provision of necessary capital for industries and agriculture I should like it to be understood that it is not my intention to limit the scope of the enquiry merely to the industrial and agricultural requirements of India, but I would be quite willing to have it wide enough to include co-operative banking as well, though, of course, in this connection it will have to be remembered that the subject of co-operation was gone into by a Committee about 10 years ago, and if it is thought desirable to have a further enquiry into this aspect of the subject as well, I shall have no particular objection.

Coming now to the subject-matter of the Resolution, I would state that the paucity of necessary capital in this country has been a well marked feature of its economic life for many years; as a matter of fact, that question dates back to the days when educated Indians began to take an interest in the economic life of the country. As early as 1890 the late Mahadev Govind Ranade, who, as you are all aware, was the first Indian to study in a proper manner the various economic problems relating to India, in his address before the first Industrial Conference of 1890 stated:

"No fact in the economic condition of this country arrests more forcibly our attention than the contrast presented by the hoards of unused capital stored up in the vaults of the Presidency and other exchange banks and the high premium Government securities command on the one side and on the other the utter paralysis of industry in rural India due to the poverty of the resources of the classes engaged in the production of wealth. It would appear as if some impenetrable barrier intercepted the overflow of wealth and barred the channels of communication between the reservoirs of capital and the parched fields of industry dried up for want of the wealth-bearing and fertilising moisture."

This want of communication between the capital of this country and its industries has been so remarkable a feature that it has been touched upon at practically every Indian Industrial Conference that has been held since the first one of 1890, and pointed attention was drawn to the subject as late as last Christmas in Calcutta when the Indian Industrial and Commercial Congress held its sittings. As a matter of fact I should say here that my Resolution is mainly based upon the recommendation made by this Congress in a resolution passed by it during its sittings. That, Sir, is the feeling of the non-official industrial and commercial community on the subject of Indian banks. That an inquiry was necessary has been admitted by a number of Commissions upon which eminent Indians sat with their non-Indian colleagues. The Chamberlain Commission on Currency recommended in 1914 that an inquiry should be instituted. This subject was taken up in greater detail by the Industrial Commission who recommend the following procedure. They state:

"We ask therefore for the appointment at the earliest possible date of an expert committee to consider what additional banking facilities are necessary for the initial and for the current financing of industries, what form of Government assistance or control will be required to ensure their extension on sound lines as widely as possible throughout the country and whether they should be of provincial or of imperial scope or whether both these forms might not be combined in a group of institutions working together."

[Mr. Sarabhai Nemchand Haji.]

Those were the recommendations of the Report of the Industrial Commission. In this connection I should like to draw the attention of the House to the paragraphs added to the Report on this subject by the Honourable Pandit Madan Mohan Malaviya. It is necessary in order that we might fully appreciate the importance of what I am going to read out now that we should take into account the atmosphere in the business world of India immediately preceding the recommendations of this Report. As you are aware, in the period immediately preceding the one in which the Report was written came the bank failures in India. I do not propose in the course of my speech this afternoon to raise the question as to why the banks failed. I think I owe it to the House to make it clear now that we are asking for an enquiry into the banking problems of India, and if there has been failure that failure has not been due to the inherent inefficiency of Indian banking organizations or of Indians in the management thereof, but it has been due to various circumstances which have been summed up shortly by the Government Committee appointed in the Punjab in order to study the causes of these failures. The Committee, as a result of their inquiry, found:

"All the evidence produced before us insisted on the want of business knowledge and experience in company promoters, managers and staff as a primary cause of failure. There are few competent managers either of banks or of industrial concerns; consequently egregious blunders were made and some of the so-called dishonesty seems to us very like ignorance, much of it was due to anxiety to cloak losses."

This ignorance was no doubt inevitable in the early period of bank flotations in this country. But let us no more hear either in this House or outside of the motives which are behind the activities of Indians in the development of their banking organizations. Before I finish this subject there is one thing I would like to draw attention to, and that is the summing up of the Committee in connection with the assistance that should have been afforded to some at least of the Indian banks in those days by other banks in this country. The finding of this Committee on this subject is rather interesting and with your permission, Sir, I will quote it:

"Speaking generally, our feeling is that the collapse can be referred to two fundamental causes, the inexperience and the defects of the machinery inevitable to the starting of every new venture, and secondly a lack of palliation or remedial action such as a Government or quasi-Government agency that is State-supported provincial bank, might supply."

I hope after these findings of such an authoritative committee as the Punjab Inquiry Committee it will no longer be necessary in future for Indians to complain that at critical moments in the lives of their commercial ventures Government or Government agencies failed to come to their rescue. That much, Sir, with regard to the Industrial Commission and its strong recommendation that a banking inquiry should be instituted. Following this we find in the proceedings of the last Imperial Legislative Council a Resolution by the Honourable Rao Bahadur B. N. Sarma, now Sir Narasimha Sarma, regarding the organization and development of the banking system of the country. In this Resolution, Sir Narasimha Sarma asked for a committee to study the subject and to recommend measures needed for organizing and developing the banking system of the country. The importance of this Resolution lies in this fact, Sir,

that on behalf of Government it was stated by the Honourable Mr. Howard—I am quoting his exact words :

“ The Government are ready to agree, as far as industrial banking goes, that a Committee should be appointed. Its composition has not been considered, and that will have to be carefully thought out. It was proposed that it should be an expert Committee. The Government are quite ready to make such grant as may be necessary for that purpose.”

This was, Sir, in 1919, and yet that Committee for which practically everything seemed to be ready has not yet met. Not baffled by the indifference of the Government on this subject, in 1923 the Honourable Mr. V. G. Kale moved in the Council of State a Resolution as follows :

“ This Council recommends to the Governor General in Council that he should be pleased to give effect at as early a date as practicable to the recommendation of the Indian Industrial Commission relating to an inquiry at the hands of an expert Committee of the question of industrial finance and industrial banks.”

This motion, Sir, was adopted by the Council of State, and yet no action seems to have been taken. It appears, Sir, that it has been—owing to what reasons I do not know—always the intention of the Government to postpone an investigation into this subject. Whenever they are very hard pressed for a reply, I know they give a guarantee, as they did in 1919, that an inquiry will be instituted immediately, and depending upon the fact that public memories are short, they relapse into inactivity (Hear, hear) until after three or four years some Member of the House moves a Resolution. Then the promise is repeated and again nothing is done. But this subject has recently come to a head, and I hope it will not be possible for the Government Benches, and I hope the Honourable House will make it difficult for the Government Benches, to postpone any longer the consideration of this most important economic subject. When the External Capital Committee was appointed, as I have said before, the subject came once more to the forefront, and all that I seek now is to suggest to the Government that the course recommended by the External Capital Committee, of which the Honourable the Finance Member was himself a Member, should be adopted. The External Capital Committee, in going through the various aspects of the question of foreign capital in India, found that India already possesses a large store of potential capital, but much of it is unproductively locked up in bullion and jewellery. As a general principle we should like to emphasize that the real solution of the problem—that is the problem of liquid money—lies in the encouragement of Indian investment and the development of India's internal capital resources, and in order that the internal resources of India may be developed, the suggestions put forward before this Committee were considered by them and they made recommendations in connection with these suggestions. They say :

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“ Many suggestions have been received by us for the development of the internal capital of the country, but they are generally of a technical character and would require detailed expert examination before any opinion could be offered as to their practicability. Co-ordination is required and a general survey should be undertaken to show what the position actually is and in what fields further progress can be effected.”

This is exactly what my Resolution seeks to do. In the course of their recommendation the External Capital Committee suggested that before an all-India enquiry was instituted, the Government should gather the opinions of the different Governments in the country as also the opinion of the public in general. Now, fortunately for me, all these opinions have been received by the Government and they were laid before this House about 8 or 10

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days ago. Now, I maintain, is the time when a Committee should be appointed because now you have got what the External Capital Committee suggested you should obtain before you set forth upon an enquiry. You have the opinions of the different Governments; you have the opinions of the Imperial Bank of India and of various publicists who are interested in this subject. It should no longer be possible to say now that postponement would further the economic interests of India. As a matter of fact, Sir, from quite an unexpected quarter I have found support for the recommendation which I propose to make. I find in the published volumes of the Royal Commission on Indian Currency and Finance, Mr. Strong, the American expert, Governor of the Federal Bank, who gave evidence before the Commission, states—and I would particularly draw the attention of this House to the fact that he was speaking in connection with the question of a Reserve Bank in this country:

“In considering the subject of banking in India, I would like to describe first my feeling about the general principles which apply to the reorganisation of banking as distinct from purely monetary problems. I would liken it, if you please, first to the construction of a foundation for a superstructure, and the foundation for a central banking system in India to my mind must be carefully introduced among and interwoven with the existing banking practices, the existing customs of business, the existing methods of Government in managing its fiscal affairs and the existing business that India conducts, but that it should not be applied, as was done to a considerable extent in America, as a sort of forced readjustment of methods. If this foundation upon which the superstructure of a great bank of issue is to be erected in India is not a secure one, if the concrete, in other words, has not had time to set and the completed superstructure is built upon that foundation, the superstructure is liable to weaken, settle and possibly crack or fall.”

It is therefore necessary now that we are going to consider shortly the question of the establishment of a Reserve Bank, to my mind before we commit ourselves to any policy with regard to the Reserve Bank that we should have at least, if not a thorough establishment of the banking industry in India, at least an investigation into the possibility of a thorough establishment so that we might not have in banking what we have got unfortunately on the administrative side, namely, a top-heavy machinery, a Reserve Bank for six Indian banks! This subject was largely discussed at the time when the Reserve Bank Bill was circulated for opinion. So I do not propose to take any more of the time of the House in connection with that subject. But I would strongly urge upon you the necessity of having the proper foundations laid by the development of Indian banking for the construction of a superstructure of the Reserve Bank in order that the building may not in future crack or fall.

That much, Sir, with regard to the suggestions made from various quarters to the Government of India as regards the appointment of a Banking Enquiry Committee. Now the question that next arises is, what exactly is it that this Committee is going to do? It has, I beg to submit, a vast area to examine and most far-reaching conclusions to recommend. As my Resolution suggests, the enquiry should examine the banking institutions, the banking facilities and the banking conditions in this country, and recommend measures to develop them. Now the banking institutions of this country may be divided into six main divisions. First of all I would put the Indian joint stock banks, secondly, the exchange banks, thirdly, the industrial banks, fourthly the co-operative banks, fifthly the agricultural banks, and finally the indigenous banks, or rather the indigenous bankers.

These six form to my mind a complete whole, in so far as the existing Indian banking institutions are concerned, and a little glance at each one of them will, I am sure, convince this Honourable House that an enquiry is required if we are at all to develop along sound economic lines. Let us first of all examine the question of Indian Joint Stock Banks. I have just got a few figures to show how very backward we are in connection with banking in this country as compared with other countries. We find that this large country with its huge population has only 350 banks including their branches as against Australia which has 2,500, Canada 4,000, Japan 6,000, the United Kingdom, approximately, 9,000, and the United States of America 35,000. The mere number, the smallness of the Indian figure, is sufficient to indicate very strongly that there must be something really the matter with the Indian banking organisation, and that some activity was necessary if any development was to take place. The picture, Sir, is equally disappointing if we look at the figures of the deposits of these banks or of their cash balances. I do not wish to weary the House with a long array of figures, but the figures to those who are interested are available in the Statistical Abstracts and other blue-books published by the Government and would make some very wholesome reading, wholesome in the sense that it removes all pre judgment that some of us might have with regard to all being well with the banks in this country. I find from a study of the figures that we are really nowhere and it is only in order that we might get some place in the banking world that I recommend an enquiry which will investigate the problem and suggest methods for such development.

That much, Sir, with regard to the Indian banks. Now as against that we find that the exchange banks in this country are doing a very good business as is shown by the fact that in 10 years their number has grown from 11 in 1915 to 18 in 1924. And these banks have increased their deposits in India from 34 crores in 1915 to 71 crores in 1924. At the same time I would mention that so far as their cash balances in India are concerned they showed in 1915, Rs. 8 crores as against 16 crores in 1924. This, Sir, is the progress made by these exchange banks within a space of 10 years. As against that what do we find with regard to the joint stock banks about which I spoke a little while ago? Now, here I particularly keep the Imperial Bank out because I want to put the position of the Indian joint stock banks as against the exchange banks operating in this country. In 1915 the deposits with the Indian joint stock banks were 18 crores and in 1924 they rose to 52 crores; but even that figure of 52 crores is nothing as compared with that of 71 crores in 1924 in the case of the exchange banks. As regards the cash balances of these Indian banks we find that they had cash balances of 4 crores in 1914 and of 11 crores in 1924. There has no doubt been some progress but a progress at such a snail-like speed that it would take us generations before our banking ever becomes in its size anything like the banking of the countries whose figures of banks and their branches I have quoted.

That much with regard to the exchange banks. Coming now, Sir, to the industrial banks, I find that there is hardly an industrial bank in this country worth naming. So that it is a very sorry picture indeed. The case of the other long-term credit banks, as I may call them, is not quite so bad. There are a few agricultural banks, and, as a result of the activities of the Committee I mentioned before, there is a fair number of co-operative

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banks in this country, but their number and their deposits in view of the area they cater for are so meagre that I am sure no one in this country will be satisfied until something has been done to change the present state of affairs.

Lastly, Sir, I come to the indigenous banker who looks after the trade and commerce requirements of a large part of the country but who is so utterly ignored by the Government that it is not even possible to get from the statistics published the figure with regard to the number of these bankers in existence. No doubt once in ten years the census gives us the figure of the number of men who are engaged in the business of banking, establishment of credit, exchange and insurance. Here, Sir, is a subject that should draw the particular attention of the Committee I suggest, and I think it is high time that something should be done in order that these bankers might be regarded in a capacity which will make them more useful in the economic system of the country. As a matter of fact, Sir, from the figures that I looked up from the last Census Report, I find that the number of these bankers is dwindling and that too at a rapid rate; the fall from 1911 to 1921 has been one of almost 18 per cent. Now, it is to my mind rather serious that these men who conduct or help to conduct the internal trade of the country should have their numbers diminished. The External Capital Committee in considering the question of the indigenous banker seems to my mind to imagine that this indigenous banker is not likely to have any important place in the future economic scheme of the country. As a matter of fact to my mind he is the one banking asset we have got in this country and that not merely should nothing be done to wipe him out, but that measures should be taken—of course it will be for this Committee to suggest what these measures should be—but I do feel very strongly that measures should be taken in order that the indigenous banker may come into his own. Some sort of a scheme of co-ordination with the other banks should be adopted by which the present day *mahajan* or *sowcar* should be enabled to cast off all the ethical or rather non-ethical associations that go with his name and to take his proper share in the banking scheme of this country.

So much, Sir, with regard to the existing banking institutions in this country; and now I will come . . .

Mr. President: The Honourable Member will agree that, considering the importance of the subject and considering also the fact that he is making his maiden speech, I have allowed him sufficient indulgence. He will now bring his remarks to a close

Mr. Sarabhai Nemchand Haji: I shall presently do so, Sir. With regard to the banking facilities and the banking conditions which the Resolution recommends, should be examined by this Committee, I am afraid as the subject is rather technical and as my time is up, I do not propose to go into various technical matters connected with the clearing-house facilities, deposit facilities, investment facilities and so on. But before I sit down with your permission, Sir, I would like to draw particular attention of the House to the fact that the Resolution wants the personnel of the Commission to consist of an Indian majority with an Indian Chairman. It should not be necessary for me to put much stress on this subject,

because the feeling of this House on this matter is well known. It is not that we want to be parochial in the treatment, or rather in the study of a subject of such a technical nature as the present one. It is no doubt necessary that we should have foreign help, and we will gladly welcome it. So far as we are concerned, we do not mind whether the help comes from English experts, American experts or even Continental experts. Whatever and whoever the experts are, let them come and work in this country as colleagues of their Indian confrères but under an Indian Chairman in order that we might keep the spirit of the Commission national in outlook, and, I am sure, Sir, that it is not for the Benches that have insisted upon the British spirit in the services—and that is the only justification for the steel frame,—it is not for those Benches to say that a Resolution asking for an Indian majority and an Indian Chairman asks for too much. I am quite sure, Sir, that constituted as I suggest, the Commission should be, the problem of Indian banking will be solved in a manner which is likely to result in the best interests of India. With these words, Sir, I beg to move the Resolution standing in my name.

Dr. L. K. Hyder (Agra Division. Muhammadan Rural): Mr. President, I may say at the very outset that I have every sympathy with the Resolution which has been so eloquently moved by my Honourable friend Mr. Sarabhai. He has surveyed the whole banking position in a very masterly manner. But while I do say these things, Sir, I must point out that the inquiry which my Honourable friend demands would not be, so far as we are concerned, of very great use, unless we know first of all what another inquiry has got to say about this matter. I refer to the case of agriculture, which is the premier industry of India, whether you judge it by the size and wealth of the industry or whether you judge it by the total number of people engaged in it or whether you apply to it any other criterion which could be applied to any industry in India.

Now, Sir, as I said, I have very great sympathy with the Resolution which has been moved by my Honourable friend, but I have to point out here that so long as that inquiry which deals with agricultural finance is not concluded and has not reported on this particular matter which will figure very largely in such an inquiry as the one suggested by my Honourable friend, I think it would not be wise to proceed in the direction indicated by my friend. Well, Sir, I have been interested very much in the speech delivered by my friend in regard to the indigenous banker, and I must say that I am very much obliged to him because he has cleared up the ground for me as I really wondered what the equivalent of the indigenous banker would be whether the Indian moneylender or the Indian *Sowcar*. And side by side he referred to another aspect of the matter which I think will receive the sympathy of every man who feels for the agricultural masses of India, and that was the co-operative side of banking. Well, Sir, if there is a diminution, as I hope the words of my friend will turn out to be true, and if the statistics are correct that there is a steady diminution in the number of indigenous bankers, I say it is a matter for congratulation that there is such a diminution in number. If, on the other hand, there is an increase in the co-operative facilities which are within the reach of the agricultural classes of India, I say that that is a matter for congratulation again. I do not think my friend was quite right when he was comparing the development of banking in this country

[Dr. L. K. Hyder.]

as measured by the total number of branches established because there is another side of the matter also, that the banking facilities exist for trade and industry and agriculture, and if these three, trade and industry and agriculture, are undeveloped, it is no use having any number of banking facilities because you will only be increasing the risk and retarding the movement which my Honourable friend has so much at heart. There are different provinces in India, Sir, and I may say, Sir, that some of the provinces are far ahead in this matter. I look at the face of my Honourable friend, Mr. Rangaswami Iyengar. Now, Sir, Madras might congratulate itself on its co-operative credit system. My friends from the Punjab, Sir, also are to be congratulated on trying their best to eliminate or rather to make the Indian banker give adequate service in an approved manner. They have done that, Sir, in these two provinces. But I was saying that you cannot judge it merely by the test of numbers, because, even though my friend has pointed out that there has been a diminution in the number of indigenous bankers, still the bulk of the finance is supplied by the indigenous banker to the Indian agriculturist. My friend, Mr. Aney, who knows quite a lot about his part of the world, must know that in that part of Berar from which he comes sometimes this finance is supplied by the Indian landlord or the Indian banker by advancing 4 candies of cotton seed and getting 2 candies of cotton; and that measured in money works out to a rate of 200 per cent. Well, Sir, in so far as the development of co-operative credit facilities in agriculture is driving out the indigenous banker, I was saying it is a matter on which we can feel pride. And with regard to the question raised as to the desirability of instituting an inquiry into the matter, I say that where we have waited so long we can wait still a few months more in order to take adequate stock of the facilities so far available and the remedies that will be suggested.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, two economists of this House have already taken part in this debate; we had two different points of view placed before us. It is high time that a layman intervened in this debate and brought forward the layman's point of view in connection with the banking problem and the banking question in India. My friend, Dr. Hyder, who is a member of the Agricultural Commission, asked us to wait a few days more, a few months more, till the Report of the Royal Commission on Agriculture is published, and then we can go into the banking question. As far as I remember, the Royal Commission on Agriculture has nothing to do with the real agriculturists of the country. It is meant for the exporters and for the very large farmers that may spring up in future in India. It is not meant to do anything for the agriculturist class,—the masses—and I do not know how far our waiting to read that Report will help agricultural banking. We have waited too long and to let you know how long we have waited for this inquiry committee on banking in India I will just read an extract from my Honourable friend Pandit Madan Mohan Malaviya's note which he attached to the Report of the External Capital Committee. My friend Mr. Haji just now told us that the Industrial Commission recommended in 1918 that such a banking inquiry committee should be appointed. Thereafter Sir Narasimha Sarma moved a Resolution in the Legislative Council in 1919. In the note which my Honourable friend Pandit Madan

Mohan Malaviya attached to the External Capital Committee's Report he says:—

"It is a matter for real regret that notwithstanding the weighty recommendations referred to above, this question has not yet received from Government the attention which it so obviously deserves. Nothing more vitally affects the welfare of the people of India than the question of the healthy growth and expansion of national commerce and industries, and nothing is more urgently needed to make that growth possible and to sustain it than a sound system of national banking and finance, which should take note of and provide for the financial needs of the people in all important branches of their commercial and industrial existence."

I think it is most opportune that we should discuss this matter to-day because the Currency Commission has recommended the establishment of a Reserve Bank with a subsidiary bank known as the Imperial Bank for the country. If those two banks exist I do not know if the Government will ever set their machinery going to form a State Bank to finance the industry and agriculture of this country. So it is opportune that we should give our mandate to the Government that they should have such a banking committee, and that this committee's decision should be taken into account before this House comes to any decision on the formation of a Reserve Bank or a Central Bank for India. Sir, as everybody knows I am not in love with the Imperial Bank of India.

Mr. Jamnadas M. Mehta: Is it in love with you or not?

Mr. B. Das: I do not care if it is not in love with me. I am not in love with it. My Honourable friend, Sir Purshotamdas Thakurdas, in his able minute of dissent to the Report of the Royal Commission on Indian Currency and Exchange, while discussing the suitability of the Imperial Bank of India, says:

"It is said that if the Imperial Bank is developed into a Central Bank the country would lose the benefit of the elaborate and wide-spread organisation which has been set up through the length and breadth of India to make available to the community the increased commercial banking facilities which are so urgently needed and to assist in fostering among the people as a whole the habit of banking and investment'. I do not think that this necessarily follows; it is only necessary to mention the model of the Bank of France, which successfully discharges both the functions of a Central Bank and those of 'the initiator of banking facilities' through more than six hundred branches. It is admitted that in India none but a *State-aided bank* has either found it possible systematically to develop branches, or is likely to be able to do so in future."

As I said, I am not in love with the Imperial Bank of India, yet I entirely agree with the observations of my Honourable friend Sir Purshotamdas. The Imperial Bank to-day has a network of branches all over the country and if it likes it can afford facilities to the agricultural and co-operative banks and other limited banks in the country. In the meantime the Government propose to have another bank, the Reserve Bank, in which will be locked up Rs. 400 to 500 crores to be spent as they like, and where does then the development of industry and agriculture come in?

My Honourable friend, Dr. Hyder, said that there has been something going on in co-operative agricultural banking. I have got the statistics of 1923-24. It shows that something has been done, but the Madras Government say that only 1.48 per cent. of the people—I will just quote what they say:

"Only 1.46 per cent. of the population are members of the co-operative societies. if we consider the rural population only 1.2 per cent. . . ."

Dr. L. K. Hyder: Multiply it by 5.

Mr. B. Das: Let it be 8 per cent. Is that enough? What is the capital invested in these banks? Rs. 46 crores including investments and everything else. Does that satisfy the 800 millions of the people of India, leaving aside the big capitalists like our Honourable friends, Mr. Cocke, Sir Purshotamdas Thakurdas and Mr. Haji? The agriculturists are 270 millions in India, and how much money is needed to develop their agricultural resources?

I was reading that very interesting book by my Honourable friend, Mr. Calvert. He is not here, but he is a member of the Agricultural Commission. I hope he will bear in mind what he wrote in that book. He said that co-operation is the watchword of development of agriculture in any country. If that is so, the State ought to come forward and found sufficient co-operative and agricultural banks so that people may not be at the mercy of the moneylender and the *sowcar*. We know what these poor people pay? Every villager pays 24 to 36 per cent. interest while our money is locked up in the Imperial Bank of India and the Imperial Bank does not pay any interest to the Government or to the tax-payer and it handles money annually to the tune of Rs. 400 crores and enjoys the credit thereof. I will just quote an interesting passage from the Report of the Royal Commission on Indian Currency and Exchange on this.

"The fact that Government balances held with the Imperial Bank in India bore no interest, while funds held in London could be employed remuneratively in the money market, appears in the past to have led at times to unduly large accumulations of funds in London."

What happens? The Finance Member and the Government of India are only interested in maintaining the machinery of Government. They want to collect certain taxes and to spend them on the administrative machinery of the country. They have no interest in developing the resources of the country. So, there is that Imperial Bank, my old friend, where all the money is deposited and if anything cannot be deposited, it goes to London so that my Honourable friend Sir Basil Blackett may manipulate it and get a little interest from the London money market to maintain this surplus Budget. But who thinks of the poor agriculturist, the poor tax-payer? You have all their money and the State up to now has not devised any means to give State aid to the industrial and agricultural development of the country. On the other hand, what do we find? When the Indian banks failed the State never extended any helping hand to them. Recently no doubt we have an instance where the Imperial Bank wound up a certain concern, namely, the Alliance Bank. But when the Peoples' Bank and a Bank in Bombay—I forget its name—(*An Honourable Member:* "The Specie Bank") the Specie Bank failed, the Government gave no help and allowed those Indian-managed banks to be wiped out. The State felt no concern in Indian banking then. That is not the right function of the State. The State must function so that the State helps the banking institutions already existing and also helps the agriculturist population and the rural population by building up co-operative banks. I have seen the report to which my friend Mr. Haji referred regarding co-operation but the co-operative societies are doing very little work. The finances at their disposal are very little. They borrow money from the Government at 6 per cent. and loan out at 9 per cent and 12 per cent. while the Imperial Bank gets all our money for nothing. If the

State works in the interest of the people it ought to finance these co-operative banks and agricultural banks, so that the agriculturist may get his money at a low rate of interest to cultivate his land and money may be available for the development of the cottage industries. It is highly essential that we should have a committee to inquire into the banking system in India and before the Reserve Bank comes into existence we must have a proper banking system in India.

My friend Mr. Haji said that we might have Continental experts but Continental experts, like Continental steel, might depreciate, so I would advise only British steel and British experts!

Mr. H. G. Cocke (Bombay. European): The Honourable Member who has just sat down has given us a very interesting discourse on banking. I gather that he is neither a director nor a shareholder of the Imperial Bank. He seems to think that there is a great field for development for the Imperial Bank and possibly if he is asked to join the Board on some occasion he may be able to carry into practice what he has said but I am afraid he will find most of his ideas when he comes to carry them out are not practical. Of course if the Reserve Bank comes into existence, the Imperial Bank will become more of a commercial institution and it will have possibly more inducement and more inclination to develop in commercial directions. Neither the Imperial Bank nor any other Bank is a philanthropic institution and it is no good opening branches in all directions, if they are going to be a heavy burden on the working of the Bank. It is well known that the Imperial Bank has opened over a hundred branches in the last five years and it is equally well known that those branches are not likely to pay to any extent for some considerable time. If the Imperial Bank were to launch out still further with village banks, and so on, it would have to be heavily subsidised to do so. Possibly that is the idea of the Honourable Member. He wishes the Imperial Bank to be subsidised by Government more than it is already, that is to say, it is subsidised at present in that it gets Government money free of interest. One has really got to distinguish in a discussion of this sort between the agricultural bank and the commercial bank. The commercial bank is really needed in a town of some size and commercial development.

Well, the Mover of this Resolution referred to the serious happenings to banks in 1913. I saw something of the banks that failed at that time and my investigations into the affairs of several of those banks revealed the fact that up to that date very little was known about banking management so far as those institutions were concerned, and they failed because they were unsound, they were badly managed and they were far too much family concerns. One particular bank I remember had about half a dozen large advances all made to concerns which were very nearly related to the bank itself; that is to say, the directors of the bank were directors of the various borrowing companies, and so on. Well, development of banking in that direction puts back the clock of banking a good many years and we do not want banking to go forward unless it is actually on sound lines.

Whether the Commission which the Resolution recommends is necessary or desirable at the present time is a very open question. Personally I am inclined to agree with Dr. Hyder that the day of appointment certainly might be put off until the Agricultural Commission have reported. The matter is very much bound up with the premier industry of the country,

[Mr. H. G. Cooke.]

namely, agriculture, and that Commission is bound I take it to make certain recommendations with reference to agricultural banking.

As regards commercial banking in cities I personally do not think that we have very much to complain of at the present time. I do not profess to be an expert in agricultural banking and village banks, etc., but so far as banking in towns is concerned, particularly since the Imperial Bank launched out, I do not think that the people of this country have very much to complain about in that direction.

It was said that the indigenous banker had been ignored by Government. But it is a very moot point whether that is not a very good thing. After all the indigenous banker I take it is a man that lends out money at very high rates of interest with very little security. That is not banking but moneylending and I doubt if Government could help the indigenous banker to the benefit of the community. It seems to me that co-operative banks are a sound development of modern times and the more they increase the better for the country. But as regards the ordinary moneylender I was very glad to hear that there had been a fall of 18 per cent. in the numbers of that class of banker between 1911 and 1921.

I congratulate the Mover on his speech which was of particular interest, but I suggest to him that it might be desirable if he withdraws his Resolution and brings it up at a somewhat later date.

Mr. V. K. A. Aravamudha Ayangar (Finance Department: Nominated Official): Sir, some of my Honourable friends who voted on the adjournment motion last Tuesday were doubtless actuated by the fact that Government had no interesting business to put before them this week. I wish, Sir, you had told them that this week was intended for maiden speeches, then I think that would have altered the vote a little. So far as I am concerned I wish to take advantage of your offer this morning during the maiden speech of Mr. Shyam Narayan Singh to ask my friends on the other side just to listen and not to heckle. Sir, the first point I want to make in connection with this Resolution is that the subject matter of the Resolution is covered to a considerable extent by the Currency and Reserve Bank Bill now before the Legislative Assembly. Let me explain, Sir, some aspects of the Reserve Bank Bill that the House has been asked to consider. The first step the Reserve Bank will have to take is to get into touch with all the banking systems in India and introduce a co-ordinated policy in regard to credit control. In order to assist the Reserve Bank when it comes into being, we are trying to get statistics of the various indigenous banks in India who are doing banking business or affording banking facilities to the public. There is then the question of the extension of branch banking. Some witnesses who came before the Currency Commission said, "It is all right that the Imperial Bank has opened 100 branches, but we think that it should not continue to open further branches. It must first consolidate its position." There were others who said, "What about 100 branches: thousands and tens of thousands are not sufficient for India." Whichever may be the correct course, the Imperial Bank wants first of all to know in what relation it stands to the Reserve Bank and the tax-payer. In the Reserve Bank Bill Government have put forward certain proposals to compensate the Imperial Bank for some of the losses which it incurs on the non-paying branches and also to give the Bank some inducement to continue the extension of the banking facilities

which they have initiated. There is again, Sir, the question of the promotion of the Bill habit and the grant of rediscount facilities. What the Reserve Bank will do in these matters will go a long way to achieve the laudable object which the Honourable the Mover of the Resolution has in mind. It has been said, Sir, that the development of branch banking in India must come first and that the Reserve Bank must come afterwards. In fact the Honourable the Mover quoted something from the American evidence to show that the question of branch banking should first be considered before the Reserve Bank comes up. That evidence was quoted from that part of the evidence where Mr. Strong first began to develop the subject. Let me quote from a later portion of the evidence. The Chairman put the question to him :

"Speaking about the constitution of a Central Bank yesterday, you said a Central Bank is only possible where a highly organized money market exists. In regard to the organized money market, I understand you refer to the system of a network of banks, or have you got something else in contemplation?"

The reply was :

"I say that the proper functioning of a Central Bank will require a money market in which it can function. It may not be necessary to create that in advance; we had no bankers' bills in New York when the Federal Reserve-banks were established. As a necessary and collateral development of the operation of a Central Bank it would be well to promote the development of a type of money market in which that bank would easily function."

Later on, Sir, he was asked another question, namely :

"You referred yesterday to the necessity that to have a properly functioning central bank there must be a money market. Would you agree that the establishment of a central bank is the best means of establishing such a money market, and that without a central bank a money market cannot be properly developed."

The reply, Sir, was :

"Yes; and it results in developments that are distortions of the money markets."

There is another point in connection with this branch banking business. Those who are acquainted with the American crisis in 1907 will find how the absence of a central banking system involved a deplorable curtailment of production during that crisis. In fact in regard to one of the industries I was told that there was a curtailment of 40 per cent. in that year. The Currency Commission therefore was not unaware of the importance of the extension of banking facilities in India. When I was travelling to London with the Commission on the first day of my trip across the Continent in the beautiful P. and O. mail train, I was looking at the smiling fields and wonderful roads on the French country side. The Chairman quietly came along and asked me, "Ayangar, what are you looking at?" I said I was wondering whether God made the country and man made the town. He said, "Do you know what impression I bear after seeing your country and your people? It is this. If my labours on the Commission will go even a little way towards making India produce her capital for productive purposes, in order to make roads, canals and bridges and making India a bit more happy to live in, then my labours on the Commission would not have been in vain." I claim, Sir, that the Reserve Bank Bill now before the public gives India the fullest opportunity to develop the Indian banking habit and the Indian banking facilities, and a consideration of the Resolution of the Honourable the Mover in advance of that Bill is, to use an

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adjective which has been inaptly used by my Honourable friend Sir Purshotamdas Thakurdas in regard to the 18 penny ratio, "most unnatural". (Applause.)

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, the Resolution recommends the appointment of a Commission—probably the Honourable the Mover has in mind a Royal Commission—for nothing less than that would inspire the confidence of, or impress the imagination of, the public and draw sufficient attention to the subject in these days when Commissions and Committees have become a new industry by themselves. What we want at present is not any Royal Commissions or Committees to investigate the necessity of banking and industrial development, but one "honest" Commission which will change the heart of the Government, rather which would remove the present unsympathetic, irresponsible and irresponsible Government of the country, for unless the Government make up their mind to take action and put the recommendations of the Commission into practice, it will be sheer waste of public funds to appoint a Commission. A Royal Commission may tour round the country in special trains and eat dinners, record evidence, publish voluminous reports and might give opportunities to some of us here and outside to air our views and gain some advertisement. If the Government are really anxious to encourage indigenous banking or to introduce the best system of foreign banking they have got enough and ready-made information and materials in their official archives to take steps for the purpose. To keep the country merely talking and to delay and not to do any real work the appointment of a Commission, is a very good method. There is no use appointing a Commission unless it enjoys the confidence of the public. There is no use if it is a packed Commission with a personnel of the kind of the last Commission on Indian Currency and Finance which was boycotted and which was more concerned with how Europe would be affected if a gold standard with gold currency is introduced in India or in China. We do not want a Commission to find out how the Exchange Banks and the Imperial Bank of India with foreign shareholders can find ways of exploiting India and to earn fat dividends. Nor should the enquiry be to find means for earning large dividends by the local banks either. What we want is to find out how banking facilities can be extended, to reduce high rates of interest in India and how Indians themselves can finance their commerce, industries and agriculture.

I have perused the short summary of the correspondence which has passed recently between the Government of India and the Managing Governors of the Imperial Bank of India on the proposals for Indian banking and monetary progress. It is rather curious that the Imperial Bank of India which competes freely with other banks should be called upon to express their opinion in such matters. It will be seen from that that their idea of Indian banking is how the Imperial Bank of India can do more business, for the Government say that they would "welcome the views of the Governors as to the desirability and possibility of a further extension of the branches" of the bank. Government are pleased to notice "undue competition with existing joint stock banks" and "the possibility of co-ordination with the indigenous banking system of the country". The question of the "system of remittance" is also touched upon; so also is the idea of "extending the privileges of the Clearing Houses to private banks

of suitable status". The Government really seems anxious to push their loans and securities and talk of development of "Stock Exchanges dealing with industrial securities and development of investment through Savings Bank and Post Office Cash Certificates." The so-called advantages of the banks being free from restrictions placed on the business of the Imperial Bank are a myth. The Imperial Bank competes and while observing the letter breaks the spirit of these restrictions and thus competes with the joint stock banks with the additional help of Government funds and the advantages of the prestige of its connection with the Government. On the other hand the Imperial Bank in reply are only too anxious to open fresh Public Debt Offices to popularise Government loans and investment! How much does it help or popularise indigenous banking? The Commission must find means not only to organise banking institutions, not only of educating the people on the advantages of banking and of safe investments of their funds, but to educate also the officials of the Government how to do their duty in helping the banking institutions so that they may be of service to the country. The ignorance of

4 P.M. some of the officials in the Local Governments is sometimes colossal. Here I shall, with your permission, Sir, digress a little to show how it is. The Indian Bank, Limited, Madras, applied to the Government of Madras to have the institution included among the approved banks for the investment of funds of the local bodies, such as the District Municipalities and Local Boards. I may add here for the information of the House that this is one of the banks included in the Schedule of 26 banks in India whose bills will be discounted by the new Reserve Bank of India when and if it is constituted. The Indian Bank, Limited, applied for this recognition in October 1924, but the Government of Madras have not yet made up their mind in the matter, even after 28 months! The law's delays are proverbial, but the Government of Madras have thrown the law courts into the shade.

Now coming to the point the several departments of the Government who are to be consulted in the matter before permission can be granted are so blissfully ignorant of banking that they cannot find out if the Bank is sound enough to be entrusted with funds. The most important department—I shall not name it; you may easily guess—who are supposed to find out the solvency of the Bank have, it appears, evolved a noble method of testing solvency. According to their test even the Bank of England, or any of the Five Big Banks of England are not safe enough. But fortunately the Indian Bank, Limited, turns out, in some respects, a better Bank according to their theory than the leading Banks in England, and yet it takes them 28 months to consider over the matter! Lord Goschen, son of a Chancellor of the Exchequer, and himself an ex-Chairman of the London County and Westminster Bank presides over the departments which evolve such banking conundrums. I am sure if His Excellency the Governor were consulted, the matter would have been decided long ago.

Never mind that. A leading Banking institution of Bombay, which is recognised by the Bombay and Punjab Governments as quite safe for the investment of large funds of local bodies with it, is not yet found fit for investment of the funds in Madras. The Government of Madras is most impartially delaying also its recognition as an approved Bank. Now the question is who needs education in these matters? Surely some of the Government officers. If these banks were recognised the funds lying idle with the local bodies earning no interest would have been mobilised for

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financing trade and commerce in the Presidency. Here we have the Government of India Finance Department presided over by the Honourable Sir Basil Blackett who knows all about banking, and what he does not know is not worth knowing. He has kept the subject of banking alive before the public. Now is the time for him to put it into practice.

The several Local Governments have made suggestions on the question of a co-ordinated survey of banking. I am glad the Bengal Government have sounded a note of warning not to degenerate the enquiry into any inquisitorial enquiries which would be unwelcome. We know how exhibitions and industrial fairs have been organised in the past with the ostensible object of popularising indigenous manufactures. They were really meant to secure samples and to find out tastes, to see how foreign manufacturers can meet local wants. After the exhibitions we find goods sent into the market by foreigners after their study of local conditions and as per samples seen at those exhibitions.

The Government of Madras have rightly emphasised the need for a strong practical committee composed of banking and business experts who can deal with the special conditions of particular provinces. It will be necessary to study the latest developments of banking in foreign countries, as the American Monetary Commission did. It is no use encouraging merely old indigenous banking. The best methods and systems in other countries must be studied by those who know local needs and conditions and who have India's best interests at heart. The object should be that banking institutions should be organised to promote Indian enterprises with Indian capital and under Indian control and management. They must be run in the best interests of Indians. The enquiry is meant not to help the foreign banker who now competes with us from a distance to transfer his activities here in order to compete with us within our own boundaries. In the matter of Indian banking we are bound to consider Indian interests firstly, secondly and thirdly. I mean by 'firstly' that local talents must be employed; by 'secondly' that local enterprises must be financed in all the branches of commerce, agriculture and industry; and by 'thirdly', I mean that the profits should remain in the country. The Commission should command the confidence of the country and be competent to deal with these important questions.

The Honourable Sir Basil Blackett (Finance Member): Sir, this is a subject in which from the time of my arrival in India and even earlier I have taken a very special interest, namely, the development of banking and monetary facilities for India. The discussion to-day cannot be wasted if it brings once again to the attention of a new House and, through that House, to the attention of the public the immense loss which is being incurred by India year after year and day after day owing to the fact that almost all her indigenous capital is being used in such ways as to be entirely unproductive. Idle money means idle manhood. If the Government of this country, or any Member of this House, knew a means by which we could induce the people of this country to make their savings available for the development of their country we should be contributing to the future of this country a boon far exceeding any that any existing or previous Government has given or that even a Swaraj Government will be able to bring.

I was rather pained to hear in the otherwise very admirable speech of the opener the accusation that the Government had been indifferent and inactive in this matter. It is perfectly true that suggestions have been made from time to time for the appointment of Committees and Commissions to enquire into the subject of banking in India and that the Government have not hitherto appointed such a Commission or Committee. In spite of the emergence of that new industry which we recently heard of—Royal Commissions and Committees—there has been of recent times no Committee on Banking. Royal Commissions and Committees are not very cheap things. They are apt to be rather costly and before you appoint one you want to be quite sure that you are giving it a subject matter which it can reasonably cover in a reasonable time and in respect of which it can make concrete suggestions. It is no good giving a roving commission to the body which is to be set to work to enquire into the subject. Now the trouble about all the proposals that I have seen for this Banking Commission or Committee is that the terms of reference are always very vague and very wide. It is to enquire into Indian banking and to make proposals for increasing the capital available to India. It sometimes includes, I know, references to agriculture and industry, but that, broadly speaking, is the sort of general suggestion that is made. Well, that means that the Commission if it is really going to do its work has to enquire into everything under the sun in India except perhaps that it might not undertake the work of the Statutory Commission.

Now we have at present in existence, as has already been pointed out, one Commission, the Agricultural Commission, which is covering a portion of this ground. It is covering it from the point of view of the interests of agriculture, not from the point of view of the development of banking. It is impossible for a Government to create the banking habit in a people. If the habit will grow, the Government can help to some extent in the development of banking facilities; but it is the demand that will create the supply. The last speaker seemed to me to have a curious idea of the purpose of banking—although I am sure that in his interest in the Indian Bank which he took the opportunity of advertising, to use his own words, he does not conduct his business on the assumption that a bank should not earn dividends. He said that he did not want this Commission to consider how banks whether indigenous or external should earn dividends. A bank will not come into existence unless it is going to earn some kind of profits. The Imperial Bank which has done more in the last seven years to extend banking facilities in the country than has ever been done in any similar period before, has opened over 100 branches in the last seven years and a very large number of those are not paying and they would not have been opened and would not be kept open if it had not been for the action taken by the Government of India in 1920 in amalgamating the three Presidency Banks into the Imperial Bank and making arrangements by which in return for the contract which they had with the Government to manage the Government's balances and other things, they undertook to open 100 new branches in five years. Some of those branches at any rate are not paying at present and many of them are not likely to pay for some little time, though there is reason to believe that as time goes on more and more of them will become paying branches and will increase the banking facilities available to the people up-country. I began by saying that I was sorry to hear the Mover of this motion charge the Government with indifference and inactivity in this matter. During the last seven years since the creation of the Imperial Bank, as a result of

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Government action, a great spread of banking facilities has taken place throughout the country. In addition, during and after the War an immense fillip was given to the habit of investment in this country by, first of all, the War Loans, and then by the loans raised by the Government since. Now, those loans since 1922 have been raised entirely for productive purposes, and the productive expenditure of the Government, both central and provincial on railways, irrigation and so on has been carried out with the help of the savings of the people of India, with great benefit to the people of India in the development of their own country, with benefit to the investors who have lent their money to the Government and found it productive, and with benefit to the Government who have been able with the growth of the investment habit in India to bring down the rate of interest which is chargeable to the tax-payer and in addition to reduce some of their external obligations. The Government have spent considerable time and energy in trying to increase the popularity of the Post Office Savings Bank and of the Postal Cash Certificates. In every way that is possible the Government have been trying quietly,—not by any kind of forcible measures, but quietly—to take every opportunity of increasing the habit of banking and investment throughout the country. In this connection, I may refer to the action that the Government have taken on the External Capital Committee's Report. The External Capital Committee recommended that—

"India possesses a vast store of dormant capital awaiting development, and in order to make this available for investment, banking facilities must be increased and extended. An examination of the various practical measures suggested in the replies is outside the scope of the Committee, but would emphasise the importance of a co-ordinated survey being undertaken at the earliest possible opportunity of the whole field of banking in India. This should be followed by a detailed examination by an expert Committee or Committees of the lines along which progress should be effected."

A month or two after that Committee's Report was issued, I had the privilege of addressing the University of Delhi on the subject of Indian banking generally, and I tried on that occasion to give an outline of the directions which should be followed by the survey. I examined the subject under various heads. The first head was facilities for deposits such as current accounts with banks, Post Office Savings Bank deposits, Imperial Bank Savings Bank deposits, short term deposits with banks and Postal Cash Certificates. The conclusion that a preliminary survey of that subject brought to my mind was that by far the greater part of the banking facilities provided in India were provided not by western banking methods, but by what are called the indigenous banks, and that an early study of the methods of the indigenous banks was most desirable. By the indigenous banks I do not mean only or mainly the *Mahajans* or *Sowcars*, the village moneylender and the agent of the landlord who do in a certain sense something in the nature of what is done by bankers; but I should hardly describe their work as properly banking. It is the *Marwaris* and firms not working on European lines which nevertheless do afford facilities such as the issue of cheque books, the acceptance of deposits and pass books and overdrafts. There is a great deal of work done by these bankers which is purely banking work, but they are not at present brought into any very close connection or any obviously close connection with banking on western lines, and I am sure that one of the first duties and services which will be rendered by the Reserve Bank when it comes into existence will be to try and complete the chain of

connection between the Reserve Bank at the apex of the pyramid and the local bankers, who are not at present included in any statistics, who are doing this work down below. If anything can be done in the way of adding additional liquidity to the resources of these bankers and increasing through them the habit of deposit, I think a very considerable advance may be made.

The next subject that I dealt with is banking education. This is a very important part of the whole subject; it has not been much spoken of to-day, but banking education is probably the key to the future in this matter in a way that nothing else is. In regard to this, the House will, I know, be glad to learn that the proposed Indian Institute of Bankers which has been under consideration for the last year and a half or two years is I understand, now very nearly an accomplished fact. I have taken a very considerable interest in securing that the subject should not be allowed to sleep and I shall feel very great satisfaction when I hear that an Indian Institute of Bankers has been actually brought into existence. The British Institute of Bankers has been giving very considerable assistance in this matter and has been encouraging the Imperial Bank who have been acting in this matter at the instigation of the Government to press forward for the establishment of an Indian Institute to whom the British Institute and British bankers generally will be very glad to give such assistance as lies in their power but which will be an Indian Institute, conducting examinations and promoting banking education with special reference to Indian conditions. I dealt with various other subjects, such as facilities for remittances within the country. The facilities granted by the Imperial Bank have recently been further improved. Next came clearing house facilities, facilities for investment in Government securities in particular, which of course is all that comes directly within the Government's scope, but with the hope that, if you get the growth of the habit of investment in Government securities, facilities for buying and selling Government securities, something in the nature of stock exchanges will follow and people, having once learned the habit of putting their money into securities of the Government at interest, will, particularly when, as we hope, the interest on Government securities falls still lower, be inclined to take the securities of industrial and other concerns. The growth of anything like a market for industrial debentures would be an immense asset to Indian industry.

I dealt then with credit facilities and in that connection, of course, a good deal of the work of the Agricultural Commission should be very interesting. Credit facilities for agriculturists, the financing of produce, the growth of the bill habit in that connection, and the rediscounting which the Reserve Bank will have to do, will all come in for consideration under that head.

As regards negotiable instruments, I was speaking at a time not very long after the judgment of the Bombay High Court had rather disturbed the even course of the bill in its travels from hand to hand—a matter which we have been trying to remedy by the introduction a few days ago of the Negotiable Instruments Bill now under consideration by a Select Committee. The effect of that judgment seemed to us to show the great desirability that there should be at any rate one particular kind of instrument which was in all circumstances negotiable by delivery. Once a

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bearer always a bearer. We were warned that there was considerable danger that if the position was not altered the popularity of the *hundi* might be seriously diminished, a development which I regard as precisely the contrary to the way in which things should develop, because what we want to see is the bill of exchange taking a real place in the Indian money market and forming an important part of the facilities which the Reserve Bank will eventually provide through the method of rediscounting. There was a statement in one of the replies which have been received from the Local Governments, I think, on this subject which is of considerable interest. It is under the recommendation made by Mr. B. F. Madan through the Government of Bombay in connection with questions with regard to the expansion of banking facilities. It has been suggested that there should be one standardized form of bill of exchange. On this Mr. Madan says:

"The seller of all commodities should draw bills on the buyer at every stage as on the Continent and Japan and the United States and the Imperial Bank should give preference to such bills over the present bills which are more in the nature of accommodation bills. If such bills are to be encouraged, the stamp duty on internal bills of exchange should be reduced. The Indian commercial community is not yet prepared for such a revolutionary change as standardized bills of exchange payable to bearer in spite of anything which may be written on it as suggested by Sir Basil Blackett. What Government can do by legislation is to provide that where any bill is on the face of it made payable to bearer, it shall remain payable to bearer in spite of anything which may be written on the back and that any such change should be indicated on the face of such bill."

We are, as I have said, at present discussing that particular subject and I only mention it as a case in which the Government are following up the recommendations of the External Capital Committee. Immediately after that speech was made, the Government of India circularised the Local Governments and other bodies with a view to the preparation of that survey of Indian banking which according to the External Capital Committee was to precede detailed examination by an expert committee or committees. The replies have not all been received to that circular, but the great majority of them have been received and were laid on the table of the House and were used by the Mover this evening in making his speech. In addition, as a result of that address of mine to the Delhi University, I am very glad to say that quite a number of people have taken an interest in research in regard to banking. I am myself in correspondence with 4 or 5 different people who are engaged on a research into the methods and extent of indigenous banking in various parts of the country. I am sure that research of that sort by graduates of universities will be not only very valuable to themselves but extremely valuable to the country in opening up a region, our knowledge of which is curiously insufficient at present.

Now, as regards the Resolution which has been moved to-day, the position of the Government in the matter will, I think, have been clear from what I have already said. The Resolution recommends that a Commission be appointed. I am not sure that I should like to commit myself to the view that it should be a Royal Commission, which I suppose is what "Commission" means. I am entirely at one with the Mover in thinking that an inquiry should be held into this question of the development of banking facilities in India. The nature of that inquiry is, I think, a question of which we do not want to arrive at premature conclusions. It might be

desirable simply to appoint one or two experts separately or in conjunction to examine particular portions of the subject, or it might be desirable to appoint something in the nature of a committee which is itself expert, or it might even be desirable to appoint a committee which is not itself expert. I think it is too soon to say exactly what form the inquiry should take or how its members should be chosen. The Government are further of opinion that it is early at the moment to begin such an inquiry. No doubt, the Mover himself has already anticipated this view of Government by complaining that the Government's attitude is always that they are going to appoint a committee but never that they are appointing one, but we have had reference made to several reasons why the present moment is not entirely suitable for the appointment of a committee. It would certainly be most undesirable to appoint a committee or commission to enquire into the question of the finances of agriculture or the facilities for agricultural banking as at the present time the Agricultural Commission is still engaged in making its inquiries. There is also a very considerable difficulty in the matter of what the duties of a banking committee should be owing to the fact that co-operative banking on which I have hardly touched is one of the most important features of the growth of banking in India in the last 20 years and one of the most hopeful. The subject of co-operation is a Provincial Government and not a Central Government subject and it is very doubtful whether a committee covering the whole of India and Burma and dealing with co-operative banking would be a desirable body. Co-operation is a matter the purpose of which is to bring the individual into contact with other individuals and create a chain of contract gradually leading from the individual cultivator up towards the central co-operative body, which in my opinion has at least a large enough field to cover when it is provincial, when it has to cover the whole of one large province or Presidency in India. A central co-operative bank or body for India as a whole might, I think, have results not at all what is desired by those who are the keenest on the promotion of the spirit of co-operation. We do not want to centralise co-operation out of existence. Then another reason

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadian Rural): The other day in the discussion on the Reserve Bank Bill the Honourable Member told us that a co-operative society might not come under the Reserve Bank scheme: I believe it was in answer to a question by Mr. Joshi when he wanted the co-operative banks to be included in the Schedule. Now, how will this fit in? I gather from the Honourable Member now that the Reserve Bank Bill would deal with this question as well so far as the agricultural banks are concerned. Will the Honourable Member kindly explain to us something more about it?

The Honourable Sir Basil Blackett: It is a little too much to ask me to launch forth into the question of the relation of co-operative banks with the Reserve Bank. The Reserve Bank I think ought certainly to be an extremely useful institution for the purposes of the provincial co-operative banks, but I think it would be a more useful institution than a single central co-operative bank for the whole of India. I do not know whether that answers to some extent the implications of my Honourable friend's question. I do not think that the co-operative banks should come under the same category as joint stock banks and be asked to place with the

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Reserve Bank as a matter of legal obligation a proportion of their time and demand liabilities. But that the Reserve Bank should through the co-operative banks use its influence for the advancement of the financial interests of agriculture and the agriculturists is, I think, most desirable, and I hope when it comes into existence it will do a great deal to advance the interests, through the co-operative banks, of agriculture, of the marketing of produce and the facilities for agricultural loans generally. The fact that the Reserve Bank is not yet in existence was one of the facts I was going to allude to as a reason why it is not yet the right moment to appoint this Commission. We shall be discussing this subject in connection with the Reserve Bank and I hope we shall ourselves be taking rather a wide survey of banking and financial facilities in India. After the discussions have taken place in this House and in the country in connection with the creation of the Reserve Bank, when that Bank has been brought into existence or is about to be brought into existence and when the Agricultural Commission's Report has been received, that will be the time for further action. Speaking for Government, I am prepared to say that the Government are most desirous that immediate steps should then be taken by some means or other to start a searching inquiry into banking facilities in India and the best means for improving them. In these circumstances I hope that the Honourable the Mover will not think it necessary to press his motion. I rather doubt if the House would care to commit itself to that Resolution as it actually stands with the demand for a Royal Commission at this particular moment.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): I would like to start by congratulating the Honourable Member Mr. Ayangar of the Finance Department on his maiden speech here. It was a pleasure to hear him and the confidence with which he spoke assures us a good deal of useful information as this Session proceeds. It is in the fitness of things that Mr. Ayangar should have taken advantage of this debate to-day to put forward one of those measures for which I think he perhaps justifiably feels proud as a member of the Finance Department. As the Honourable the Finance Member reminded Mr. Vidya Sagar Pandya that he was advertising his bank, may I remind Mr. Ayangar that he was utilising this debate for a little publicity for what has lately been very near the heart of the Finance Member. But I wonder, Sir, if Mr. Ayangar was not mixing up the issues when he quoted Governor Strong with reference to the two quotations that my friend Mr. Sarabhai Haji gave from the same eminent financier in connection with the necessity of having more banking facilities in India. I have not Governor Strong's evidence with me, here, but I put it to Mr. Ayangar whether what he quoted from Governor Strong did not refer to banking facilities but to creating money markets, which latter has a bearing on having bill markets for the Reserve Bank. The two points are widely different, if I may point out to Mr. Ayangar, and whilst I am quite prepared to concede that Mr. Ayangar quoted his part of Governor Strong's evidence innocently, I put it to him that if he reads it over again he will see that it does not bear quotation at all with the point of view which my Honourable friend Mr. Haji has been pressing before this House.

Now, I feel, Sir, that the question whether in India we have adequate facilities for purposes of banking or not brooks of no difference of opinion.

This morning in the very interesting debate that we had the Honourable the Home Member, Sir, quoted what the Government have done in the backward Santhal Parganas in connection with keeping down the usurer and the *sowcar* there, and if I remember it correctly the Honourable Member congratulated himself that about 50 years back in those backward tracts the Government had passed a Regulation saying that nobody would be entitled to recover a higher rate of interest from the Santhals, for whom the Government are so very solicitous, than 2 per cent. per month. And Sir Alexander Muddiman said that is much better than what happens to be in vogue in any other part of the country. 24 per cent. per annum interest is thought by the Honourable the Home Member to be a reasonable rate of interest which even the Government willingly allow on debts of agriculturists. That is, Sir, the best protection which a benign Government can extend to our friends in the backward tracts. What then, Sir, can be the average rate of interest which our agriculturists must be paying in the forward provinces where no such Regulations are permissible? Comment I submit is unnecessary and I am sure that what has been at the back of my Honourable friend Mr. Sarabhai Nemchand Haji's mind is that in the urban and rural districts, the rate of interest at which people can borrow money is so high that it is time the Government did something to have that levelled down to something approximately the rate at which people borrow, shall I say, in Calcutta, Madras and Bombay. That is the question I agree with the Finance Member that if anything could be devised to induce people to greater investment of their surplus money and to less hoarding—I use the word “hoarding” in its broadest and most general sense: I do not want it to be quoted that I think people in India are hoarding—I agree with him that if anything can be done in that direction it will be a service to India. But there, Sir, I do not wish to anticipate the important debates which are to follow later this and next session. I am one of those who feel that the Government of India do not encourage people to give up their hoarding habits. But this is not the occasion to say more or in detail about that. What in the meantime is required is not to lose sight of the facts, which are that even in a non-regulated tract Government tolerate and almost approve of rates of interest up to 24 per cent. per annum. In other parts, many of my friends on this side of the House know, and many of the Government officials on the other side of the House I am sure also know, the average rate which the agriculturist pays is 30 per cent. per annum. During the last six months I have seen documentary evidence of how agriculturists have borrowed for four and five months at rates of interest which varied from 35 to 40 per cent. per annum. I do not wish to minimise the assistance which co-operative banking has given, but there is a limit up to which these institutions can usefully give assistance. I do not think it will help to overlook this. Facts are there staring us in the face. What I think worries the mind of young India, and those who are not merchants, is the progress of banking in Germany, in Canada, in Australia or even in the East in Japan: While in all these countries banking institutions run into figures of 5,000, 10,000 and even higher, how is it that after 125 years of banking experience in India—the first Bank of Bengal was started in 1805—how is it that in India to-day all that we can boast of is the Imperial Bank of India with 164 branches, the last hundred having been started under pressure from the Central Legislature of the day? That is the question which worries many. It is true that this good, old country continues to roll on in spite

[Sir Purshotamdas Thakurdas.]
of inadequate banking facilities. But can the Government, and should the Government, not do something to bring India into line with those other countries?

In the meantime, Sir, how does this country get on? Thanks to our great indigenous genius for banking purposes, we still have the enterprising Shikarpuri Multani from Sind, the indispensable but much abused Marwari from Rajputana and the successful Chetty from the south, who are the bankers of the masses of India. (Applause.) It is no use saying that either the Imperial Bank or any of the exchange banks or any of the indigenous banks, including my Honourable friend's Indian bank cater for or touch even a fringe of the masses of India. It is these three classes of people, and the Marwari, the most abused of them all, who really fill the want of the masses of India. I heard some Honourable Member saying in the course of this debate, "Eliminate the indigenous banker." I know my Honourable friend Dr Hyder then modified it. He congratulated us that there were fewer of these men. I would like him to watch, look into it, and find out what replaced these indigenous bankers. What you want there is not elimination of these indigenous bankers, because any other system of banking would be much too costly for our poor masses. What you want is a healthy check over these indigenous bankers, more facilities for them so that they may be able to lend, not at 24 per cent but, shall I say, at 7 per cent. (Hear, hear.) That is the question which I am sure my Honourable friend has in mind, and that is the question which I submit the Finance Member need not put off either for the report of the Agricultural Commission or for his Reserve Bank scheme, because whatever Reserve Bank may be established, Sir, it will not make this sort of finance available to the masses at their doors. We want to recognize that India cannot afford bank branches on the lines of the West—they are much too costly. With a manager, an assistant manager, a shroff, a Superintendent and a few chaprassis in your office, you can have no margin left for banking profit in the rural areas. You must leave the indigenous banker to play the useful part of his work but you can put him under some sort of inducement so that he may lend money on more reasonable terms. If you fail in that then support some substitute which will bring nearer to the peasant in the countryside the facilities for borrowing. But the first alternative must be tried whole-heartedly and sufficiently well. I do not wish, Sir, to take up more time of this House. I know that to say to my Honourable friend, "Put this off until after the Royal Commission on Agriculture has reported or put it off until after the Reserve Bank Bill has been put through" will only make the next Honourable Member within six months or a year who may be lucky with the ballot box to quote still one more reason, one more example how the Government sympathise with such a Resolution but put off action. I would put it to the Finance Member whether he cannot now see his way to make a start in the direction indicated by me, and I am sure that, if he agrees with the views which I have put forward—I see he does not because he shakes his head—and I put them forward after serious thought, for example, I have had some personal experience in this direction—I can assure him that this is what is at the back of the minds of Indians when they say, "We are not satisfied with banking facilities here".

One more word, Sir, and I have done. My Honourable friends wonder why there are fewer Indian-run banks. I do not wish to criticise only

one side. I wish to suggest to those who are keen to see Indian banks flourish whether from the history of the last 10—12 years they may not find that for the failure or the small number of Indian banks that we have, we, the investing part of the Indian public, in these concerns, are ourselves fairly responsible. The Indian investor, Sir, in banking institutions has proved to be childlike, over-suspicious, easily misled, and not treating these banking institutions with that seriousness and confidence which alone can give India successful banking institutions.

Mr. President: Honourable Members still desire to talk on this Resolution and I must adjourn at this stage.

The Assembly then adjourned till Eleven of the Clock on Monday, the 14th February, 1927.

LEGISLATIVE ASSEMBLY.

Monday, 14th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

MEMBERS SWORN.

Mr. Abdul Halim Ghaznavi (Dacca Division: Muhammadan Rural);
and

U. Tok Kyi (Burma: Non-European).

QUESTIONS AND ANSWERS.

TRANSFER OF THE DISTRICT OF SYLHET FROM ASSAM TO BENGAL.

324. ***Mr. Srish Chandra Dutta:** With reference to the Government of India, Home Department communiqué, dated the 16th June, 1926, on the subject of the transfer of the district of Sylhet from Assam to Bengal and the statement made by the Honourable the Home Member during the debate on the question in the Legislative Assembly on the 31st January, 1926:

- (1) Will Government be pleased to enlighten the House about the Despatch sent by the Government of India to the Secretary of State for India and what were the recommendations contained therein?
- (2) In view of the pledge given to the Assembly for an opportunity of discussing this matter, will Government consider the desirability of bringing up the subject for discussion before the Assembly at an early date?
- (3) Will Government be pleased to state what was exactly the reply received on the subject by the Government of India from the Secretary of State and if they would be pleased to publish it for the information of the public?
- (4) Do Government propose to publish all the correspondence other than that which has already been published that may have taken place between them and the Government of Assam or Bengal or any other party including the Secretary of State on this particular subject?

The Honourable Sir Alexander Muddiman: (1), (3) and (4). The Honourable Member is referred to the answer which I gave to Mr. Kamini Kumar Chanda's question on the 20th of August, 1926.

(2) The suggestion which I made to the House on the 2nd of September, 1925 (not on the 31st January, 1926, when no meeting was held), was "that this Resolution now before the House should be withdrawn and that we should discuss the matter on a further Resolution next Session". If there is any strong feeling in the House and any Member puts down a Resolution, I will see if I can find time for its discussion after the Budget.

325. ***Colonel J. D. Crawford:** As I have received the information since giving notice of my question No. 325, with your permission I do not wish to press that question, Sir.

LATE ARRIVALS OF THE ENGLISH MAIL STEAMERS AT BOMBAY.

326. ***Colonel J. D. Crawford:** (a) Will Government please state what are the existing arrangements with the Peninsular and Oriental Steam Navigation Company regarding the delivery at Bombay of the English Mails?

(b) Are Government aware of the causes of the frequent late arrivals of the English Mail steamers at Bombay?

(c) Are Government taking any action to insist on the arrival of the English Mail steamers at Bombay by 6 A.M. on Fridays?

The Honourable Sir Bhupendra Nath Mitra: (a) The English mails are due to arrive at Bombay at 6 A.M. on Friday morning provided that the mail steamer leaves Marseilles at midnight of Friday.

(b) Government understand that among the causes of late arrival are labour troubles at Marseilles—a heavy snow storm, fouling a buoy at Aden and inferior coal owing to the coal strike.

(c) So far as Government are aware, the causes have been beyond the control of the Peninsular and Oriental Steam Navigation Company. The delays on 28th August and 1st October, 1926, were apparently due to the employment of D Class Ships. The Director-General is corresponding with the P. and O. Company and the Secretary of the General Post Office, London.

Colonel J. D. Crawford: Do the Government of India have any say in these arrangements?

The Honourable Sir Bhupendra Nath Mitra: The arrangements are made mostly by the General Post Office, London, but the Government of India are consulted by them if there is any departure from established arrangements.

Colonel J. D. Crawford: Are the Government aware of the strength of public feeling in this matter?

The Honourable Sir Bhupendra Nath Mitra: Oh yes, Sir, we are fully aware of that and for that reason we have been examining the matter.

Colonel J. D. Crawford: Will Government take steps to ensure that the mails are regular and to ensure very early delivery in Calcutta?

The Honourable Sir Bhupendra Nath Mitra: I have already said that the Director General is in correspondence with the P. and O. Company and the Secretary of the General Post Office, London, in regard to the punctual receipt of the mails in Bombay. As regards their delivery in Calcutta, I am sure my Honourable friend knows that there is another disturbing factor, namely, the breakdown of the Nerbudda bridge, which has necessitated a diversion of the traffic over a slightly longer route. That aspect of the question, namely, whether anything can be done to expedite the transit between Bombay and Calcutta consistently with the expenditure involved, is also under the consideration of Government.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please tell me whether, in view of the present delay in carrying the English mail from Bombay to Calcutta and its diversion over a longer route,

he has considered the advisability of carrying the English mail over the Bengal Nagpur Railway?

The Honourable Sir Bhupendra Nath Mitra: Sir, my information is that the delay involved by this diversion about the place where the Nerbudda bridge has broken down is about 4 hours. Certain preliminary calculations which have been made by the Director General also indicate that by introducing a special train by the Bengal Nagpur Railway it may cost as much as one lakh of rupees up to the time by when the railway authorities hope to rebuild the Nerbudda bridge. The matter is now under the consideration of Government as to whether, having regard to that amount of expenditure and in view of the extra convenience which will be provided thereby, it is necessary to make any such special arrangements as that referred to by my Honourable friend Colonel Gidney.

Sir Hari Singh Gour: Sir, is the Honourable Member aware that the Bengal Nagpur Railway route is about 200 miles shorter than the East Indian route from Bombay to Calcutta, and is he aware that in the natural course, because it is a shorter route, it will cost less, and is he further aware that about 60 per cent. of the mail is for delivery in Calcutta and its suburbs and consequently can be landed at its destination by the shortest route?

The Honourable Sir Bhupendra Nath Mitra: I do not quite realize whether the Honourable Member wants me definitely to abandon the East Indian route, because there are considerable areas which are served by that route, including Jubbulpur itself.

Colonel J. D. Crawford: Is it a fact that even taking into account the delay due to the break down of the Nerbudda bridge the time taken from Bombay to Calcutta by the English mails is now longer than it was before the War?

The Honourable Sir Bhupendra Nath Mitra: My information is, Sir, that the answer to Colonel Crawford's question is in the negative; but as I have said the whole question is now receiving my further consideration.

Sir Hari Singh Gour: The Honourable Member has not replied to my last question. He has interrogated me in return and my reply is . . .

(Several Honourable Members: "Order, order.") Sir, I beg to ask whether the whole question as to the transit of the English mail along the Bengal Nagpur Railway should not now be considered in view of the fact that it is a shorter route?

The Honourable Sir Bhupendra Nath Mitra: Sir, I am sorry that I have not been able to make the position intelligible to the Honourable Member from the Central Provinces.

We do hire a certain amount of accommodation from railways for the conveyance of mails from Bombay to Calcutta by the East Indian route. If we were to convey a certain portion of the mails from Bombay to Calcutta by the Bengal-Nagpur route, that, I am told, would involve the hiring of extra accommodation, and would cost about a lakh of rupees for nine months during which this special arrangement will have to be made.

Mr. A. Rangaswami Iyengar: May I know, Sir, for whose benefit this special arrangement is made? Is it for the benefit of Europeans who want this acceleration of service, or is it for the benefit of the public in this country?

The Honourable Sir Bhupendra Nath Mitra: It is for the benefit of all members of the public who receive mails from England.

Sir Victor Sassoon: Sir, have Government considered the inauguration of an aerial mail between Bombay and Calcutta to expedite this?

The Honourable Sir Bhupendra Nath Mitra: Sir, the question of civil aviation will, I hope, come up for consideration on Wednesday next.

Mr. A. Rangaswami Iyengar: Sir, may I know whether the House will have an opportunity of discussing this extra arrangement and extra cost that is proposed to be put upon the tax-payer in this country?

The Honourable Sir Bhupendra Nath Mitra: It is not possible for me, Sir, at the present moment to give any answer to that question.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please tell me whether it is not a fact that it will cost Rs. 2,000 per mail from Bombay to Calcutta if carried by the Bengal-Nagpur Railway?

The Honourable Sir Bhupendra Nath Mitra: I do not know, Sir. If the Honourable Member has information on this subject, it is no use his asking me the question. I have given him all the information which came into my possession when I was examining this matter last week.

Sir Hari Singh Gour: May I know, Sir, what are the terms of the contract regarding the hiring of accommodation on the East Indian Railway?

The Honourable Sir Bhupendra Nath Mitra: I submit, Sir, that we are now getting beyond the original question. I may, however, state that the postal authorities go up to the railway authorities and ask them to quote the figure for hire; and the Post Office has got to pay the rate demanded.

Sir Hari Singh Gour: May I inquire whether the contract does not provide that the East Indian Railway would be bound to carry the mails; and if there is any breakdown on the line, the contract will for the time being be suspended?

The Honourable Sir Bhupendra Nath Mitra: No, Sir. There is no such contract. Arrangements are made with the Railway for the conveyance of mails by paying them certain rates which are settled between the Railway and the Post Office.

Sir Hari Singh Gour: Is there any contract as to time?

The Honourable Sir Bhupendra Nath Mitra: Undoubtedly. The time is the time which is ordinarily taken by that particular train to reach Calcutta from Bombay. Now if the route is breached, naturally it will take more time.

Sir Hari Singh Gour: Is there no provision made for this breach or a contingent breach on the line?

The Honourable Sir Bhupendra Nath Mitra: The answer is in the negative.

VACANCIES IN THE RANKS OF KING'S COMMISSIONED OFFICERS OF THE INDIAN ARMY OPEN TO BRITISH OFFICERS.

327. ***Colonel J. D. Crawford:** Will Government be pleased to state the number of vacancies in the ranks of King's Commissioned Officers of the Indian Army open to British Officers which had to be filled during the year ending 28th February, 1927, and the number of recruits obtained?

Mr. G. M. Young: The total number of vacancies that have occurred or will occur during the year ending the 28th February 1927 is estimated at 118. It is anticipated that the intake for the same period will be 56.

Colonel J. D. Crawford: Are Government taking into consideration the very serious position disclosed by these figures?

Mr. G. M. Young: The question of the recruitment of British officers is engaging the earnest attention of the Government of India

RECRUITMENT TO THE ARMY IN INDIA RESERVE OF OFFICERS

328. ***Colonel J. D. Crawford:** Will Government be pleased to state by ranks the number of gentlemen so far recruited to the Army in India Reserve of Officers, showing separately those recruited for service with combatant units?

Mr. G. M. Young: I lay on the table a statement giving as far as possible the information desired by the Honourable Member. He will see from this statement that up to the 1st February, 1927, 288 officers and 91 officers designate had been appointed to the Army in India Reserve of Officers and that of this number, 220 officers and 66 officers designate have been posted to combatant units.

Statement showing the number of officers of the Army in India Reserve of Officers in each of the various ranks, (up to 1st February, 1927).

	Lieutenants-Colonel.	Majors.	Captains.	Lieutenants.	2nd-Lieutenants.	Officers designate.	Grand Total.
Total admitted up to 1st February, 1927.	2	8	189	59	30	91	379
Posted to Combatant units	1	5	149	43	22	66	286
Posted to Non-combatant units	1	3	40	16	8	25	93

Colonel J. D. Crawford: Is the Honourable Member aware that, as I believe, certain officers commanding Auxiliary units are discouraging their men from joining the Army in India Reserve of Officers on the ground that it is threatening the efficiency of the Auxiliary Force?

Mr. G. M. Young: Government have no information on that point.

Colonel J. D. Crawford: Are the Government of India aware that these officers commanding feel that if their training in the Auxiliary Force one year and their training with the regiment another year be counted both for their Auxiliary Force efficiency and for their efficiency in the Army in India Reserve of Officers, more candidates would be forthcoming?

Mr. G. M. Young: Sir, under the arrangements already existing, a District or Independent Brigade Commander can exempt an officer designate for the Cavalry, Tank Corps, Artillery and Infantry arms of service not

more than every second year provided that he carries out the training in that year for which he is liable under the Auxiliary Force, India, Act. Conversely, with the approval of the military authorities as defined by the Act, training carried out by an officer designate may be allowed to count against the training prescribed in the Act.

Mr. B. Das: May I inquire whether Indian officers are at present included in that statement? What is their number?

Mr. G. M. Young: I cannot tell the Honourable Member what the number is; the total includes the Indian officers.

Mr. B. Das: How many Indian Army Reserve of Officers are there in the Auxiliary and Reserve forces?

Mr. G. M. Young: If the Honourable Member will put down the question, I will answer it.

SETTLEMENT OF MOPLAH WOMEN AND CHILDREN IN THE ANDAMANS.

829. ***Khan Bahadur Haji Abdullah Haji Kasim:** (a) Will Government be pleased to state how many Moplah women and how many children were taken to the Andamans?

(b) The cost per head for taking these women and children from Malabar to the Andamans?

(c) Is it a fact that these people are governed by jail rules?

(d) If not, what law is prevailing?

(e) Have any arrangements been made for the religious and moral education of these Moplah children?

The Honourable Sir Alexander Muddiman: (a) About 270 women and 540 children.

(b) The average cost per head is Rs. 33.

(c) No.

(d) The ordinary law of British India as modified by the Andaman and Nicobar Islands Regulation III of 1876, and subsequent amending Regulations.

(e) Primary schools have been opened in all Moplah villages, and suitable religious and moral teaching is imparted by Moplah teachers. Mosques have also been built in the majority of villages and are regularly used.

Maulvi Sayyid Murtuza Saheb Bahadur: May I know if it is a fact that the teachers in charge of these Moplah children are quite unqualified; that they are nominally educated teachers who cannot be expected to impart any kind of education either religious or moral?

The Honourable Sir Alexander Muddiman: Sir, that is not my information.

THE TELLICHERRY-MYSORE RAILWAY.

830. ***Khan Bahadur Haji Abdullah Haji Kasim:** Will Government be pleased to state whether the Tellicherry-Mysore Railway is under contemplation?

Mr. A. A. L. Parsons: A portion of the line from Tellicherry to the foot of the Ghats is under resurvey.

PROVISION OF INTERMEDIATE CLASS COMPARTMENTS AND DINING SALOONS ON TRAINS RUNNING BETWEEN MADRAS AND MANGALORE.

331. ***Khan Bahadur Haji Abdullah Haji Kasim:** (a) Are Government aware that there are no intermediate class compartments running between Madras and Mangalore when all other Railways have intermediate compartments?

(b) Do Government mean to take any action regarding the matter, and if so, when?

(c) Are Government aware that there are no dining saloons running between Madras and Mangalore?

(d) Do Government mean to take any action in this direction, and if so, when?

Mr. A. A. L. Parsons: (a) Government are aware that intermediate class accommodation is not provided on the Madras-Mangalore section. It is not a fact that all other railways provide intermediate class accommodation.

(b) No; but the Agent has the question of providing intermediate class accommodation or alternatively of reserving third class compartments for a reduced number of fares under consideration in consultation with the Local Railway Advisory Committee.

(c) Yes.

(d) No. This is a matter within the discretion of the Agent whose notice can be drawn to it by means of the Local Railway Advisory Committee.

MUHAMMADAN POPULATION OF THE MADRAS PRESIDENCY AND MALABAR AND SOUTH KANARA AND THE NUMBER OF SEATS ALLOTTED TO MUHAMMADANS IN THE MADRAS LEGISLATIVE COUNCIL.

332. ***Khan Bahadur Haji Abdullah Haji Kasim:** (a) What is the total Muhammadan population of the Madras Presidency and the number of seats allotted to them in the Madras Legislative Council?

(b) What is the total Muhammadan population of Malabar and South Kanara and the number of seats allotted to the Muhammadans of these two districts in the Madras Legislative Council?

The Honourable Sir Alexander Muddiman: (a) and (b) I lay on the table a statement giving the information required.

Statement showing the information asked for in parts (a) and (b) of question No. 332.

(a) The total Muhammadan population in the Madras Presidency excluding States is 2,840,488. The number of seats allotted to them in the Madras Council is 13.

(b) The total Muhammadan population of Malabar and South Kanara is 1,156,083. The number of seats allotted to the Muhammadans of these districts in the Council is three.

DISCONTENT IN THE CUSTOMS SERVICE IN CALCUTTA.

333. ***Mr. N. M. Joshi:** (a) Are Government aware that a feeling of discontent has long existed amongst the members of the Custom Service in Calcutta owing to the severity of punishments inflicted for trivial irregularities?

(b) Are Government aware that this discontent is aggravated by the many supersessions to which senior men in the Service are subjected, and that this is a feature peculiar only to the Calcutta Port?

The Honourable Sir Basil Blackett: (a) During 1926, six officers of the Calcutta Custom House appealed to the Central Board of Revenue against the orders of the Collector of Customs. In two cases the officers had been dismissed, in two their increments had been withheld, and in two the officers had been relieved of certain remunerative but responsible duties. The Government of India do not consider that the number or nature of these appeals indicates any undue severity in the enforcement of discipline, nor have they any reason to believe that such enforcement has given rise to a general feeling of discontent.

(b) The answer to part (b) is in the negative.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please inform us whether it is a fact that the administration of the Customs Association, as at present constituted, on account of its interference with the administration of the Department, has been the direct cause of the present discontent and want of co-operation and harmony between some of the customs employees and the heads of the departments in Calcutta?

The Honourable Sir Basil Blackett: Sir, I take the information from the Honourable Member. I do not think it arises out of the question.

Lieut.-Colonel H. A. J. Gidney: Is it a fact that the reason why this discontent is a feature peculiar only to the port of Calcutta is almost entirely attributable to the undesirable action of the President of the Customs Association?

The Honourable Sir Basil Blackett: I think my answer to the previous question supplies the answer to this question.

Mr. N. M. Joshi: May I ask whether the Government know the special relations existing between the gentleman who asks this question and the President of the Association?

The Honourable Sir Basil Blackett: I think I might ask Mr. Joshi that question

SUPERSESSIONS IN THE CALCUTTA PREVENTIVE SERVICE DURING THE YEARS 1924—1926.

334. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state—

- (i) how many supersessions have taken place in the Calcutta Preventive Service during the years 1924—1926, both in the acting and permanent appointments; and
- (ii) how many supersessions have taken place in the ministerial establishment during the same period?

(b) Are Government prepared to inquire into the circumstances which led to the supersessions of seniors and in the ministerial establishment, and to state what steps, if any, they contemplate taking to afford the men protection against such treatment?

The Honourable Sir Basil Blackett: (a) (i) Inspectors and officers of the Calcutta Preventive Service are on time-scales of pay. Promotion from the officers' rank to that of Inspector is by selection, and no question of supersession can arise.

(ii) The ministerial establishment consists of Superintendents, Deputy Superintendents, Upper Division clerks and Lower Division clerks. All these classes are on time-scales of pay. Promotions to the first two are made by selection; vacancies in the Upper Division are filled partly by direct recruitment and partly by selection from the Lower Division. No question of supersession can, therefore, arise.

(b) No.

SUPERSESSIONS IN THE CALCUTTA PREVENTIVE SERVICE.

335. ***Mr. N. M. Joshi:** Will Government be pleased to state whether it is a fact that one of the clerks in the Calcutta Preventive Service who is affected by supersession had previously been promoted to the Upper Division, but was subsequently reverted in favour of a senior and who after reversion was superseded by a junior, 39 places below him?

The Honourable Sir Basil Blackett: There are no clerks in the Calcutta Preventive Service, nor have the Government of India any information regarding any such occurrence in the ministerial establishment of the Calcutta Custom House.

WITHDRAWAL OF OFFICIAL RECOGNITION FROM THE CUSTOMS' SERVICE ASSOCIATION.

336. ***Mr. N. M. Joshi:** In the matter of withdrawal of official recognition from the Customs' Service Association, will Government be pleased to state:

((a) whether in the action taken by Government, such action was influenced by the Government Servants' Conduct Rules or the Recognition Rules; and

(b) if the former, whether the question was referred for the opinion of the Home Department of the Government of India?

The Honourable Sir Basil Blackett: The reply to part (a) of the question is that the Government took both sets of rules into consideration. The reply to part (b) is that the decision was the decision of the Government of India.

(1) INTRODUCTION OF THE SHIFT SYSTEM OF WORK IN INDIAN MINES.

(2) PROHIBITION OF THE EMPLOYMENT OF WOMEN UNDERGROUND IN INDIAN MINES.

337. ***Mr. N. M. Joshi:** (a) Will Government be pleased to state when they propose to take steps to legislate for introducing the shift system of work in Indian mines?

(b) Will Government be pleased to state when the rules prohibiting the employment of women underground in Indian mines will be published and enforced?

The Honourable Sir Bhupendra Nath Mitra: (a) I hope that it will be possible to arrive at a decision on this question very soon but it is not yet possible to fix any date.

(b) The draft regulations have not yet been referred to Mining Boards and under section 81 (8) of the Indian Mines Act it is not possible to publish them until this has been done. The question of bringing the regulations into force must obviously depend upon the criticisms received and it is not possible for me to make any prophecy in this connection.

Mr. N. M. Joshi: May I ask whether Government will take steps to expedite coming to some decision on this question very soon?

The Honourable Sir Bhupendra Nath Mitra: I can assure the Honourable Member that Government are doing their best to expedite matters.

INTRODUCTION OF LEGISLATION REGARDING THE MACHINERY FOR SETTLING LABOUR DISPUTES.

838 ***Mr. N. M. Joshi:** Will Government be pleased to state when they propose to introduce legislation regarding the machinery for settling labour disputes?

The Honourable Sir Bhupendra Nath Mitra: Government are not yet in a position to say when they will be able to introduce legislation regarding the machinery for settling labour disputes. The matter is at present receiving their consideration.

Mr. Chaman Lall: Will the Honourable Member be able to tell us how soon they are likely to bring in a Bill on the lines of the memorandum published by them?

The Honourable Sir Bhupendra Nath Mitra: I regret I am unable to give my Honourable friend any precise information on the point at this stage.

Mr. Chaman Lall: May I ask the Honourable Member what the delay is due to?

The Honourable Sir Bhupendra Nath Mitra: The delay is due to the matter being under the consideration of Government. (Laughter)

Mr. Chaman Lall: May I ask the Honourable Member, Sir, whether it is not a fact that the Government of India have been considering this matter for a very considerable time?

The Honourable Sir Bhupendra Nath Mitra: That is perfectly true.

Mr. Chaman Lall: May I ask whether they have come to any mature judgment on the subject yet?

The Honourable Sir Bhupendra Nath Mitra: No, Sir.

Mr. Chaman Lall: May I ask the Honourable Member, Sir, what period is usually taken by the Government of India to come to a mature decision on such matters?

The Honourable Sir Bhupendra Nath Mitra: That depends on the importance of the subject, Sir.

Mr. Chaman Lall: Does the Honourable Member consider this matter not to be a matter of great importance?

The Honourable Sir Bhupendra Nath Mitra: That is the reason, Sir, why the Government are taking this amount of time.

Mr. A. Rangaswami Iyengar: Are we to take it, Sir, that the Government of India always delay matters because they want to consider matters?

The Honourable Sir Bhupendra Nath Mitra: Not necessarily, Sir.

Mr. A. Rangaswami Iyengar: May I ask whether the answer of the Honourable Member that there is delay because Government are considering the matter is a statement of the actual methods of the Government of India?

The Honourable Sir Bhupendra Nath Mitra: Not necessarily. I have already replied that the delay in this case is due to the importance of the subject which has made it necessary for the Government of India to take a certain amount of time to come to final conclusions.

Mr. N. M. Joshi: May I ask whether Government are aware that some four years ago they prevented the Bombay Government from passing legislation on this subject on the ground that the Government of India were taking steps to pass this legislation?

The Honourable Sir Bhupendra Nath Mitra: I am aware of that, Sir, but I have no recollection that the Government of India ever told the Bombay Government that they were going to pass legislation immediately.

Mr. C. S. Ranga Iyer: Can the Honourable Member state by what stages they will be able to conclude their consideration?

The Honourable Sir Bhupendra Nath Mitra: I cannot prophesy, Sir.

Mr. C. S. Ranga Iyer: Can the Honourable Member give us any idea as to how long it will take for the Government to finish considering this important question?

The Honourable Sir Bhupendra Nath Mitra: I have already replied to that question.

INTRODUCTION OF LEGISLATION FOR THE PROMPT PAYMENT OF WAGES.

339 ***Mr. N. M. Joshi:** Will Government be pleased to state when they propose to introduce legislation regarding the question of the prompt payment of wages?

The Honourable Sir Bhupendra Nath Mitra: The Government of India have addressed Local Governments in their letter No. I-1391, dated the 28th July, 1926, which has been published. Replies are still awaited from some Local Governments. When these replies have been received the question will be examined. No Bill will be introduced during this Session, but it may be possible to arrange for the discussion of the subject by the Standing Advisory Committee attached to the Department of Industries and Labour before the Session closes.

SELECTION OF EXPERTS FOR THE ECONOMIC CONFERENCE TO BE HELD UNDER THE AUSPICES OF THE LEAGUE OF NATIONS.

340. ***Mr. N. M. Joshi:** Will Government be pleased to state whether in selecting five experts for the Economic Conference to be held under the auspices of the League of Nations, they will consider the desirability of selecting some experts who represent the labour view of economic and industrial development?

The Honourable Sir Charles Innes: As at present advised, Government are not satisfied that it is necessary to give effect to the suggestion conveyed in the question.

Mr. N. M. Joshi: May I know whether the Government are aware that the British Government have nominated one of the labour representatives on their delegation?

The Honourable Sir Charles Innes: I have seen the names of the British delegation, Sir, but I am afraid I do not know what the politics of the respective gentlemen are.

Mr. Chaman Lall: I understood, Sir, that the Honourable Member said "as at present advised". May I know who is responsible for advising the Government?

The Honourable Sir Charles Innes: I am afraid I cannot let the Honourable Member into the secrets of the Government of India.

Mr. N. M. Joshi: May I ask what the reasons were which induced the department responsible for giving a particular kind of advice to the Government of India?

The Honourable Sir Charles Innes: Scrutiny of the agenda.

USE OF THE CORRIDORS OF THE ASSEMBLY BY THE PUBLIC.

341. ***Mr. Anwar-ul-Azim:** Will Government be pleased to state if the corridors in this Assembly are open to the public—without reserve? If not, do the Government propose to take sufficient care not to allow the corridors to be made into a public bazaar?

Mr. L. Graham: Admission to the building is by ticket but while work is still in progress it is extremely difficult to exclude persons from the corridors.

APPOINTMENTS TO THE INDIAN CIVIL SERVICE.

342. ***Mr. Anwar-ul-Azim:** Will Government be pleased to state how many of the candidates selected by the different Indian Civil Service Selection Boards in the various provinces of India have been provided by Government with appointments in the higher Imperial Posts since 1919 compatible with their qualifications?

The Honourable Sir Alexander Muddiman: There are no Indian Civil Service Selection Boards and I am not clear to what the Honourable Member is referring.

CRITICAL CONDITION OF AGRICULTURISTS IN CERTAIN PARTS OF THE CENTRAL PROVINCES, BOMBAY AND MADRAS.

343. ***Sir Purahotamdas Thakurdas:** (a) Will Government be pleased to state if they have any objection to ascertain from the Governments of the Central Provinces, Bombay and Madras, if it is a fact that the condition of agriculturists in certain parts of each of these Provinces is critical?

(b) If the reply to the above be in the negative, i.e., if Government have no objection to ascertain from the Provincial Governments as indicated in (a) above, will Government be pleased to ascertain the details of the distressing condition of agriculturists in each part of the various Provinces, named in (a) above, ascertaining simultaneously what steps have been taken by each Provincial Government to help agriculturists out of their difficulty?

(c) Will Government be pleased to inquire of the Central Provinces Government if it is a fact that cotton cultivators in Yeotmal were in such a bad plight last September, that they could not afford to employ labour for weeding, and the sowkars there were not prepared to lend them money even on prohibitive terms?

(d) If the reply to (c) above from the Provincial Government be in the negative, will Government be pleased to ascertain from that Government whether any of their officers were informed of this state of things and find out what was done by that Provincial Government to bring relief to the cotton cultivators of that District?

(e) Will Government be pleased to state if it is a fact that the deteriorated condition of cultivators in the Central Provinces and Berar, and in the Bombay Presidency generally is due to the currency policy of the Government of India especially with reference to the artificial appreciation of the rupee insisted upon by Government?

Mr. J. W. Bhore: (a) and (b) Enquiries are being made.

(c) and (d) The matter is primarily the concern of the Local Government and the Government of India do not propose to address them on the subject.

(e) The Honourable Member is really asking for an expression of opinion, but so far as the Government of India are concerned, the answer is in the negative.

Mr. B. Das: What steps do the Government of India take when Provincial Governments do not do their primary duty and do not look after the interests of the agriculturists?

Mr. J. W. Bhore: When such a contingency arises the Government of India will consider what they should do, Sir.

Sir Purshotamdas Thakurdas: May I ask whether the Honourable Member will lay before the House the result of the inquiries that he is making with reference to (a) and (b)?

Mr. J. B. Bhore: I shall certainly inform the Honourable Member of the reply of the Local Government.

Sir Purshotamdas Thakurdas: How long will the Honourable Member take to make the information available to me?

Mr. J. W. Bhore: That depends upon when I get the reply from the Local Government.

Sir Purshotamdas Thakurdas: How long does the Honourable Member expect to take for that?

Mr. J. W. Bhore: So far as I am concerned, I believe the enquiry has already gone out.

Sir Purshotamdas Thakurdas: May I request that the information may be made available to the House instead of to me individually.

Mr. J. W. Bhore: The reply may be lengthy and I am not prepared to place it on the table of the House which would involve an addition to the printing bill.

Sir Purshotamdas Thakurdas: I suggest to the Honourable Member that the result of his enquiry in this direction may be particularly interesting and instructive to the House next month and may be made available to the House.

Mr. J. W. Bhow: I shall be very happy to place a copy of the reply in the Library of the House.

PROVISION OF QUARTERS OR GRANT OF A HOUSE ALLOWANCE IN LIEU THEREOF TO INDIAN GUARDS OF THE EAST INDIAN RAILWAY.

344. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to the article headed "housing accommodation" published in the *Weekly Masdoor* of Lucknow, the organ of the East Indian Railway Union?

(b) Is it a fact that the Indian guards on the Oudh and Rohilkhand section of the East Indian Railway as well as on the Eastern Bengal Railway and North Western Railway get railway quarters to be near at hand, to be booked any time they are required, on payment of a small house rent, and that when quarters are not available for them they get house allowance?

(c) Do the Government propose to urge the Agent, East Indian Railway, to bring the staff of the East Indian Railway which is now a State Railway on an equal footing with the staff of other State Railways in the matter of house accommodation, etc.?

(d) Is it a fact that the Indian guards of the East Indian Railway (excluding the Oudh and Rohilkhand section) get neither railway quarters nor house allowance, as alleged in the above-mentioned article?

(e) Is it a fact that a palatial building named "Colvin Mansion" has been built close to the Howrah station, for the use of officials at a cost of about six lakhs of rupees, although these officials get handsome pay and most of them have cars of their own?

Mr. A. A. L. Parsons: (a) Government have not seen the article referred to.

(b) On the lines mentioned quarters for which the usual rent is charged are provided for Indian guards where they are required to live close to their work and where private enterprise does not adequately meet the demand. House allowance is not paid where railway quarters are not available.

(c) The policy to be adopted in regard to the provision of quarters for railway staff on State-worked Railways has been laid down by Government and will be adopted on the East Indian Railway.

(d) Quarters are provided where available on payment of the usual rent. House allowance is not paid where quarters are not available.

(e) On account of the difficulty of finding house accommodation for officers of the East Indian Railway in Calcutta the building referred to has been constructed.

Mr. Jannadas M. Mehta: Will the Honourable Member kindly state what is the meaning of the words "usual rent"?

Mr. A. A. L. Parsons: The rent laid down in the letter or memorandum issued by the Government of India in the Railway Department.

Mr. Jannadas M. Mehta: It does not include depreciation and the ordinary rate of interest on capital?

Mr. A. A. L. Parsons: It is based on 4 per cent. of the capital cost of the building excluding land.

Mr. Jamnadas M. Mehta: And also does not include cost of depreciation?

Mr. A. A. L. Parsons: It does not.

Mr. Jamnadas M. Mehta: It is also limited to 10 per cent. of the officer's salary, which may amount to a rate of interest of 1 per cent. instead of 4 per cent.?

Mr. A. A. L. Parsons: Is the Honourable Member making a statement or asking a question?

Mr. Jamnadas M. Mehta: I am asking a question. Is not the result that the amount of interest realised might in given cases work out at 1 per cent. instead of 4 per cent.?

Mr. A. A. L. Parsons: I am not prepared to accept the Honourable Member's figure of the rate of interest earned on the capital, but the ten per cent. of salary limit applies to railway servants as to all other Government servants.

PROVISION OF QUARTERS FOR INDIAN GUARDS, TRAIN EXAMINERS,
ETC.

845. ***Mr. Amar Nath Dutt:** Is it a fact that the Indian guards, Train Examiners and others whose duties require them to live near the place of their duty, have no quarters? If so, do Government propose to provide quarters for them?

Mr. A. A. L. Parsons: The policy of Government is to provide railway quarters where conditions are such that private enterprise does not adequately meet the demand for housing the staff and also where it is necessary for special reasons to provide quarters for certain classes of staff near to their work and this is being done as far as funds permit. In accordance with this policy, a considerable number of the classes mentioned by the Honourable Member have been provided with quarters.

CONSTRUCTION OF A BUILDING IN THE HOWRAH YARD FOR THE STAFF
OF THE WATCH AND WARD DEPARTMENT OF THE EAST
INDIAN RAILWAY.

846. ***Mr. Amar Nath Dutt:** Is it a fact that a four-storied building is under construction in the Howrah Yard, for the staff of the Watch and Ward Department? Has the department been permanently or finally sanctioned?

Mr. A. A. L. Parsons: The answer to both the parts of this question is in the affirmative.

CHIEF CLERKS OF THE DIVISIONAL OFFICES OF THE EAST INDIAN
RAILWAY.

847. ***Mr. Amar Nath Dutt:** (a) Will the Government state the number of Indian Chief Clerks engaged in the existing six divisions of the East Indian Railway and in the Head Offices of the various department? Is it a fact that the Chief Clerks of all the Divisional Offices in the East Indian Railway are non-Indians?

(b) Is it a fact that one Mr. Perry, while working as Chief Clerk of Dinapore Division, was suspended for gross misconduct and irregularities,

and was transferred to the Allahabad Division? Will the Government state why this man is still allowed to hold charge of a Divisional Office?

The Honourable Sir Charles Innes: (a) and (b) Government have no information and regret that they cannot undertake to enquire into the matter.

CANCELLATION OF THE RESIGNATION TENDERED BY MR. HOWE, AN
ENGINEER.

348. ***Mr. Amar Nath Dutt:** Is it a fact that one Mr. Howe, an Engineer, was compelled to resign his appointment for unsatisfactory work, but that his resignation letter was cancelled without the consent of the Chief Engineer of the Railway? Will the Government state under what circumstances his resignation letter was cancelled although it was duly accepted by the Chief Engineer and another qualified Engineer was actually ordered to relieve him?

The Honourable Sir Charles Innes: The answer to the first part of the question is in the negative. The second part does not arise.

OFFICE HOURS OF THE CLERICAL STAFF OF THE EAST INDIAN RAILWAY
STATIONED AT JAMALPUR.

349. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to the paragraph headed "Clerk wail" published in the *Weekly Mazdoor* of Lucknow, the organ of the East Indian Railway Union, dated the 17th June, 1926?

(b) Is it a fact that the office hours for the East Indian Railway clerical staff stationed at Jamalpur is from 8 A.M. to 4 P.M., with one hour's recess for tiffin from 11 A.M. to 12 A.M., as complained therein?

(c) Is it a fact that the office hours for similar staff in the other offices of the East Indian Railway (e.g., the Divisional offices at Howrah, Asansol, Dinapore, Allahabad, Lucknow, Moradabad and the Head Office at Calcutta, etc.), are from 10 A.M. to 4 P.M. or from 10 A.M. to 4-30 P.M. with half an hour off for tiffin, as alleged therein?

(d) Is it a fact that Indian clerks are not provided with railway quarters near their offices?

(e) Is it a fact that owing to their not having been provided with quarters near their offices many of the clerks have to run a good distance before and after meals, or to take a full meal early in the morning to last them the whole day?

OFFICE HOURS OF THE CLERICAL STAFF OF THE EAST INDIAN RAILWAY
STATIONED AT JAMALPUR.

350. ***Mr. Amar Nath Dutt:** Is it a fact that sometime ago the working account officers staff (mechanical), Jamalpur, submitted a petition to the Chief Accounts Officer, Calcutta, through the Workshop Account Officer (Mechanical), Jamalpur, requesting him to change the office hours? If so, what steps have been taken on the same?

The Honourable Sir Charles Innes: I propose, with your permission, Sir, to reply to questions Nos. 349 and 350 together.

Government have no information but are making enquiries and will let the Honourable Member know the result in due course.

LONG HOURS OF DUTY OF THE BOOKING CLERKS AT MOKAMEH JUNCTION.

351. **Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to a paragraph headed "Long hours duty", published in *Weekly Mazdoor* of Lucknow, the organ of the East Indian Railway Union, dated 8th July, 1926?

(b) Is it a fact that the coaching earning of Mokameh Junction is 15 to 20 thousand rupees a month?

(c) Is it a fact that only two booking clerks are posted at Mokameh Junction?

(d) Is it a fact that they have to perform 12 hours' duty each, the senior one in the day and junior one in the night?

REDUCTION OF THE WORKING HOURS OF THE BOOKING, PARCEL AND OTHER STAFF EMPLOYED ON THE EAST INDIAN RAILWAY.

353. ***Mr. Amar Nath Dutt:** (a) Is it a fact that the Booking, Parcel and other staff at Ondal and other important stations of the East Indian Railway have to perform 12 hours' duty?

(b) If so, do Government propose to take immediate steps to reduce the working hours of all the staff?

The Honourable Sir Charles Innes: I propose, with your permission, Sir, to reply to questions Nos. 351 and 353 together.

Government have seen the article referred to. They have not the information asked for but I would refer the Honourable Member to the reply given to question No. 140 asked by Dr. K. G. Lohokare on the 20th August, 1926.

MAXIMUM HOURS OF LABOUR IN INDUSTRIES ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE AT GENEVA.

352. ***Mr. Amar Nath Dutt:** (a) Is it a fact that at the International Labour Conference held at Geneva it was decided that no man in any industry should be made to work for more than sixty hours a week?

(b) Has this resolution been accepted by the British Government?

(c) Has the resolution been accepted by the Indian Government?

The Honourable Sir Bhupendra Nath Mitra: (a) The answer is in the negative.

(b) and (c). Do not arise.

GRIEVANCES OF INDIAN GUARDS EMPLOYED AT SAHEBGUNGE ON THE EAST INDIAN RAILWAY.

354. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to an article headed "Sahebgunge Guards", published in the *Weekly Mazdoor*, the organ of the East Indian Railway Union, dated 8th July, 1926?

(b) Is it a fact that the station master, Sahebgunge, has issued orders that no Indian guards should be booked by passenger trains when European guards are available?

(c) Is it a fact that even the temporary guards on learning duties at Suhebgunge get preference over permanent and senior Indian guards in the matter of booking by passenger trains?

(d) Is it a fact that for a guard to be on a passenger train means less trouble and more money in the shape of mileage allowance than to be on a goods train?

Mr. A. A. L. Parsons: (a) Yes.

(b) I do not know but I think it extremely improbable. Such an order would not be within a station master's powers.

(c) Government have no information.

(d) Generally speaking guards of passenger trains earn more mileage allowance than guards of goods trains.

INSPECTION OF POST OFFICES BY AUDIT OFFICERS.

355. ***Mr. Amar Nath Dutt:** (a) Will the Government state the number of head, Sub and Branch post offices inspected by the Audit officers during the year 1926-27 and the two previous years and the amount of expenditure incurred for their travelling allowance each year in each Postal Circle?

(b) Is it a fact that the term "Audit Officers" has not been defined anywhere? If so, will the Government state the exact nature of their duties and responsibilities? Is it a fact that even a clerk of the Audit office in the time-scale was deputed for carrying out the inspection of post offices?

(c) Will the Government state if any important case of fraud in any post office, undetected by the Divisional Superintendent or Sub-Divisional Inspector of post offices, was detected by the Audit officers during their inspection? If the reply be in the affirmative, will the Government give the particulars of such cases? If the reply be in the negative, will the Government state the object of introducing the system of inspection by Audit Officers at a heavy expense?

DISCONTINUANCE OF THE SYSTEM OF INSPECTION OF RURAL POST OFFICES BY AUDIT OFFICERS.

356. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to the statements made in letters published under the heading "Important letters" in the "*Samitee*", the registered monthly organ of the Dacca District Postal and Royal Mail Service Association in its issues of November and December, 1926, to the effect that Mr. D. N. Palit, accountant, and Mr. Jogendra Chandra Das, a clerk of the Audit Office, who were deputed by Government to inspect post offices in the Dacca Division compelled postal officials in the Dacca Head office and some mofussil post offices to work overtime and that they used to tax them by making them supply them with meals and refreshments without paying for them and also that they used cheaper modes of conveyance than those paid for by Government and inspected offices situated on the same railway line on different dates in contravention of Article 995 of the Civil Service Regulations? Are Government prepared to institute an inquiry into the allegations and take steps to prevent the same in future?

(b) Do the Government propose to discontinue the system of inspection of rural post offices by Audit Officers as suggested in resolution No. 18, dated 22nd August, 1926, passed at a meeting of the Dacca District Postal and Royal Mail Service Association and published in the "*Samitee*"?

The Honourable Sir Basil Blackett: I propose to reply to questions Nos. 355 and 356 together.

Enquiries regarding these two questions are being made and in the event of its proving possible to collect the information desired, without undue expense and labour, replies will be sent to the Honourable Member in due course.

USE OF PORTIONS OF POST OFFICE BUILDINGS AS THEIR PRIVATE
QUARTERS BY SUPERINTENDENTS OF POST OFFICES.

357. ***Mr. Amar Nath Dutt:** (a) Will Government state the places in Bengal and Assam Circle where the quarters of the Superintendent of Post Offices are located in their office buildings?

(b) Is it a fact that the Superintendents of Post Offices avail themselves of the best and larger portion of the buildings and pay a smaller share of rent?

Sir Ganen Roy: (a) Barisal, Bogra, Dibrugarh, Dinajpur, Faridpur, Jalpaiguri, Khulna, Krishnagar, Midnapore, Mymensingh and Narayanganj.

(b) I have no information that this is the case, and I am enquiring into the matter.

USE OF PORTIONS OF POST OFFICE BUILDINGS AS THEIR PRIVATE
QUARTERS BY SUPERINTENDENTS OF POST OFFICES.

358. ***Mr. Amar Nath Dutt:** (a) Are Government aware that when a new Superintendent assumes charge of a Division he shifts the office to his residential quarters?

(b) Will Government state the amount incurred for the shifting of the offices of the Superintendents of Post Offices in Bengal and Assam Circle where they use the office buildings as their residential quarters as well and also the number of changes and the amount of expenditure in each Division during the years 1924-25, 1925-26, 1926-27?

(c) Will Government state the number of changes and amount incurred for shifting the office of the Superintendent of Post offices in the Dacca and Tipperah Divisions for the last 5 years?

(d) Do Government propose not to allow the Superintendents to use a part of the office building as their private quarters and to take action against unnecessary shifting of the office?

Sir Ganen Roy: (a) Government are not aware that this is done as a regular practice.

(b) There were 4 removals in all during the 3 years in question in the case of the Divisions other than the Dacca and Tipperah Divisions and the total expenditure amounted to Rs. 72-8-0 the details being—Mymensingh Division, Rs. 20 in 1924-25, Presidency Division, Rs. 80 in 1926-27, and Rangpur Division, Rs. 10-8-0 and Rs. 12 in 1925-26, and 1926-27, respectively.

(c) There were 2 removals in each of the 2 Divisions during the 5 years in question and the total expenditure amounted to Rs. 75, the details being—Tipperah Division, Rs. 20 in each of the years 1923-24 and 1925-26 and Dacca Division, Rs. 15 in 1924-25 and Rs. 20 in 1925-26.

(d) Government do not propose to take any action beyond enquiring into the necessity for the removals in the case of the Rangpur, Tipperah and Dacca Divisions.

CASE OF BABU RAJ KUMAR MUKERJEE, INSPECTOR, ROYAL MAIL SERVICE.

359. ***Mr. Amar Nath Dutt:** (a) Is it a fact that Babu Raj Kumar Mukherjee, Inspector, Royal Mail Service, third Sub-division, has been stationed at Narayanganj in East Bengal for more than twelve years?

(b) Is it a fact that during this period he was under orders of transfer to other places for not less than three times but on no occasion were the orders given effect to?

(c) Is it a fact that on his report adequate utensils were not furnished to the rest houses within his jurisdiction and that van peons for S.-10 section were not sanctioned?

(d) Is it a fact that Babu Raj Kumar Mukerjee was found to ask a loan from a sorter within his jurisdiction and on refusal the case went up to the notice of the Superintendent, R. M. S., "S" Division?

Sir Ganen Roy: (a) Yes.

(b) Yes.

(c) No.

(d) There is no evidence as to Babu Raj Kumar Mukerjee having asked for a loan from any sorter.

GRANT OF ALLOWANCES TO POSTAL CLERKS FOR POSTING INTEREST IN THE SAVINGS BANK LEDGERS.

360. ***Mr. Amar Nath Dutt:** (a) Will Government be pleased to state the result of examination as was assured in reply to question No. 699 on the 8th February, 1926, and state the names of mofusil Head Post Offices where extra allowance to Postal clerks has been sanctioned for posting interest in the Savings Bank ledgers?

(b) Is it a fact that interest statements were sent from the Audit Office to mofusil Head Post Offices in September, 1926, instead of the first week of June as usual.

(c) If the reply be in the affirmative, will the Government be pleased to state the reason for such delay?

(d) Is it a fact that owing to the late receipt of the interest statement the postal clerks had to work overtime to meet the pressing demand of the public?

(e) Do the Government propose to sanction extra allowances to the postal clerks in mofusil Head Post Offices who are to post interest in the Savings Bank ledgers?

The Honourable Sir Bhupendra Nath Mitra: (a) A final decision has not yet been reached.

(b) Some of the head post offices in the Bengal and Assam and Bihar and Orissa Postal Circles received the interest statements in September, 1926.

(c) The delay appears to have been largely due to obstructiveness on the part of the clerks in the Savings Bank Section of the Postal Audit Office, Calcutta, in working the system of machine-accounting which was introduced.

(d) Government have no information that such was the case.

(e) Does not arise.

COLLECTION OF COMPULSORY SUBSCRIPTIONS FROM THE SUBORDINATE STAFF TO MEET THE COST OF A FAREWELL PARTY TO MR. H. B. RAU, DIRECTOR OF AUDIT, UNITED PROVINCES.

361. ***Mr. Amar Nath Dutt:** (a) Is it a fact that efforts are being made by Mr. H. B. Rau, Director of Audit, United Provinces, through his subordinate officers to realize compulsory subscriptions from his as well as the Deputy Chief Accounting Officer's staff, to meet the expenses of a farewell party which is being arranged on the occasion of his departure on leave early in February?

(b) If so, what steps do Government propose to take to put a stop to the collection of money in this fashion?

(c) Is it a fact that office orders by Mr. Rau's subordinates and agents have been issued in both the Audit and the Account Offices in Allahabad and a considerable amount of money has already been collected as a direct result of these office orders? If so, will the Government be pleased to lay on the table the true copies of these orders with the lists of subscriptions?

The Honourable Sir Basil Blackett: Enquiry is being made and a reply will be sent to the Honourable Member in due course.

OVERWORKED CLERKS IN THE OFFICE OF THE SUPERINTENDENT OF POST OFFICES AT BURDWAN.

362. ***Mr. Amar Nath Dutt:** (a) Is it a fact that the office of the Superintendent of Post Offices at Burdwan is undermanned and has only 4 clerks? If so, is it a fact that each of them has to do the work of 2 men?

(b) Was there any representation for increase of the clerical staff of the office? If so, what steps have been taken to relieve the overworked clerks?

Sir Ganen Roy: (a) and (b). The office referred to has one Head Clerk and three clerks. The Government have no reason to suppose that the office is undermanned but the Postmaster General, Bengal and Assam, has recently received an application from the Divisional Superintendent of Post Offices for additional clerks and is examining the matter.

GRIEVANCES OF PASSENGERS ON THE BANKURA DAMODAR RIVER RAILWAY.

363. ***Mr. Amar Nath Dutt:** Has the attention of the Government been drawn to correspondence published in the *Forward* of the 21st August, 1926, about the grievances of passengers on the Bankura Damodar

River Railway, as also to the daily *Basumati* of the 26th November, 1926 and *Bangabasi* of the 4th December, 1926, on the same subjects? If so, what steps do Government propose to take to redress the grievances mentioned therein?

Mr. A. A. L. Parsons: Government have seen the letter which appeared in the *Forward* of 21st August, 1926. They have no information on the subject but have sent a copy of the question and press cutting referred to to Messrs. McLeod & Co., the Managing Agents of the line.

VISITS TO POST OFFICES BY THE SUPERINTENDENT OF POST OFFICES,
NILGIRI DIVISION.

364 ***Mr. Amar Nath Dutt:** Will the Government be pleased to state the names of the Head, Sub and Branch Post Offices visited by the Superintendent of Post Offices, Nilgiri Division in the Madras Circle, for the months of June, July, August, September, October, November and December, 1926, and the purpose of each visit?

Sir Ganen Roy: A statement containing the information asked for is laid on the table. I am calling for the travelling allowance bills and will have them examined.

		Names.
Offices visited for prescribed detailed inspection .	1 Head office	. Ootacamund.
	16 Sub offices	. Coonoor, Springfield, Kalpathi, Palghat City, Olavakkot, Bhavani, Kateri, Kotagiri, Kodumudi, Kollengode, Pollachi, Mudis, Palladam, Naduvattam, Cheram-badi, Kangayam.
	7 Branch offices	. Hulical, Nemuru, Gomangalam, Negaman, Metur, Palayankottai, Nagananyalkkanpatti.
Offices visited in connection with building questions .	2 Head offices	. Ootacamund (four times), Coimbatore (twice).
	21 Sub offices	. Gudalur, Pollachi, Mettupalaiyam, Kotagiri, Podanur, Palghat, Udumalpet, Avanshi, Wellington, Coonoor, Kudumudi, Attakatti, Valparai, Mudis, Kateri, Tirupur, Uttukuli, Mango Range, Kangayam, Kullakambi, Metur.
Offices visited in connection with investigations .	1 Head office	. Ootacamund (twice).
	5 Sub offices	. Kotagiri, Kateri, Valpara, Olavakkot, Kullakambi.
Offices visited in connection with mail arrangements .	1 Head office	. Coimbatore.
	8 Sub offices	. Hardypet, Pollachi, Dharampuram, Gobichettipalaiyam, Sanyaman-galam, Mudis, Coonoor, Metur.
Offices visited in connection with establishment questions .	1 Head office	. Coimbatore.
	7 Sub offices	. Kollengode (twice), Katty, Pollachi, Valparai, Coimbatore North, Coimbatore Bazar, Donnington.
	1 Branch office	. Chitode.

	Names.	
Office visited in connection with attendance in Court .	1 Sub office .	Virarajendrapet (twice).
Offices visited in order to watch their working .	1 Head office .	Ootacamund.
	17 Sub offices .	Kotagiri, Naduvattin, Podanur, Mettupalaiyam, Erode, Bhavani, Fernhill, Coonoor, Coonoor R. S., Palghat, Valparai, Attakatti, Tiruppur Bazar, New Hope, Nallakota, Devarshola, Godalur.
	4 Branch Offices .	Perundurai, Malayandipattinam, Yedapalli, Annur

AMOUNT OF TRAVELLING ALLOWANCE DRAWN FOR HIS TOURS BY THE SUPERINTENDENT OF POST OFFICES, NILGIRI DIVISION.

365. ***Mr. Amar Nath Dutt:** Will the Government be pleased to state month by month the amount of travelling allowance drawn by the Superintendent of Post Offices, Nilgiri Division in the Madras Circle, for his tours from May, 1926, to December, 1926, and also for the corresponding months in the year 1925 by his predecessor and state reasons for any abnormal increase, if any?

Sir Ganen Roy: The following are the figures:

	1925.	1926.
	Rs. As.	Rs. As.
May	55 8	127 14
June	158 14	381 3
July	72 7	170 4
August	269 6	275 6
September	67 7	300 0
October	150 10	345 12
November	123 3	312 4
December	49 8	159 7
Total	946 15	2,072 2

The increase in 1926 is due chiefly to the fact that from 1st April, 1926, the railway passes were withdrawn and the Superintendent has had to buy his own ticket. It is also partly due to the fact that there were more investigations and enquiries into building and establishment questions and mail arrangements during that year than in the previous year and partly, to the circumstance that, whereas the officer who held charge of the Division during 1925 was frequently indisposed, the officer who relieved him was in robust health and was anxious to move about the Division in order to familiarise himself with its condition.

TRANSFERS OF INSPECTORS, POSTMASTERS, CLERKS AND LEAVE RESERVE CLERKS FROM THE NILGIRI DIVISION.

366. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state the number of (1) Inspectors, (2) Postmasters, (3) Clerks and (4) Leave Reserve Clerks transferred to other Postal Divisions in the Madras

Circle from the Nilgiri Division since Lt.-Col. W. A. Smith took charge of the Nilgiri Division?

(b) Is it a fact that one Mr. Srinivasa Rao who was working as an unpaid clerk in the Coimbatore Head Post Office was confirmed as a leave reserve clerk and ordered to proceed to the Mysore Division without any travelling allowance in the place of Mr. Betrayasami, a leave reserve clerk of the Mysore Division already taken by Lt.-Col. Smith as a typist of his office at Ootacamund? If so, will the Government be pleased to state if the transfer of Mr. Srinivasa Rao was at his own request?

(c) Is it a fact that the Postmaster-General, Madras, issued instructions to all Superintendents of Post Offices that candidates registered for clerkship should be confirmed as leave reserve clerks in the order of registration of their names?

(d) What was the rank of Mr. Srinivasa Rao mentioned in (b) in the roll of approved candidates at the time he was confirmed?

Sir Ganen Roy: (a) (1) One.

(2) Six.

(3) Four.

(4) One.

(b), (c) and (d). Government have no information. If any individual has a grievance, he is at liberty to appeal in the usual manner.

REVERSION OF POSTAL INSPECTORS AND HEAD CLERKS TO SUPERINTENDENTS
TO THE GENERAL LINE OF THE CLERICAL TIME-SCALE IN THE
MADRAS CIRCLE.

367. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state the number of Postal Inspectors and Head Clerks to Superintendents (1) permanent and (2) acting who were found unfit and reverted to the general line of the clerical time-scale during the years 1922-23, 1923-24, 1924-25 and 1925-26 in the Madras Circle?

(b) How many of them were subsequently found fit and restored to the amalgamated cadre?

Sir Ganen Roy: (a) Permanent three and acting five.

(b) Permanent two and acting two.

CASE OF MR. GOVINDAN NAIR, A POSTAL OFFICIAL OF THE NILGIRI
DIVISION.

368. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state if it is a fact that one Mr. Govindan Nair, a postal official of the Nilgiri Division in the Madras Circle, who has passed the departmental test prescribed for Postal Inspectors and Head Clerks to Superintendents, was found by the Postmaster-General, Madras, to be unfit for the amalgamated cadre of Inspectors and Superintendents' Head Clerks and his name has been removed from the list of passed candidates for that cadre and his promotion above the time-scale of pay was debarred?

(b) If the answer to the above is in the affirmative, will the Government be pleased to state the several charges brought against Mr. Govindan Nair before inflicting the said punishment?

(c) For what period was Mr. Govindan Nair reverted to the clerical line?

(d) Did Mr. Govindan Nair appeal to the Postmaster-General, Madras, and if so, when and what orders were passed thereon?

(e) Is it a fact that Mr. Govindan Nair has been posted again as Head Clerk of the Nilgiri Divisional Office from July, 1926, and if so, what are the reasons for giving him the appointment for which he was found unfit?

Sir Ganen Roy: Government have no information. If any individual has a grievance, he is at liberty to appeal in the usual manner.

REDUCTION OF WORK IN POST OFFICES ON SUNDAYS AND HOLIDAYS.

369. ***Mr. Amar Nath Dutt:** Will the Government be pleased to state if investigations to reduce the work in Post Offices on Sundays and Post Office holidays have been completed, and if so, with what result? If not, when do Government expect to complete them?

Sir Ganen Roy: Investigations to reduce the work in post offices on Sundays and holidays are not yet complete, but some progress has been made in reducing such work. If the Honourable Member wishes to have detailed information on the subject, it will be furnished to him. Further suggestions to reduce work are under consideration.

Owing to the great variety of circumstances in the different offices in India it is difficult to say when the investigations will be completed.

POSTAL ADMINISTRATION IN THE NILGIRI DIVISION.

370. ***Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to the editorial contained in the November issue of the General Letter published by the Madras Provincial Branch of the All-India Postal and R. M. S. Union under the heading "Administration in the Nilgiri Division" and are the allegations therein made, true?

(b) What steps have been taken by the Postmaster-General, Madras, to remedy the evils?

The Honourable Sir Bhupendra Nath Mitra: (a) and (b). The Honourable Member's attention is invited to the reply given by me to Khan Bahadur Haji Abdullah Haji Kusem's unstarred question (No 10) on the same subject on the 31st ultimo. The Director-General has now received the report from the Postmaster General, Madras, and will pass his orders in due course.

ALLEGATIONS AGAINST THE SUPERINTENDENT OF POST OFFICES, NILGIRI DIVISION, IN CONNECTION WITH HIS INSPECTION OF THE COONOOR SUB-POST OFFICE.

371. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state the date on which the Coonoor Sub-Post Office in the Madras Circle was inspected by the Superintendent of Post Offices, Nilgiri Division, in July, 1926?

(b) What is the number of days prescribed by the department for the inspection of that office and the number of days actually taken by the Superintendent?

(c) Is it a fact that certain records of that Post Office were not scrutinized by the Superintendent during his inspection but they were ordered to be sent to his office at Ootacamund as a packet bag?

(d) If the answer to (c) is in the affirmative, what were the records so sent to the Superintendent's office and what is the date of the mail list of the Coonoor Post Office with which the packet bag containing the records were despatched?

(e) For how many days were those records retained in the Superintendent's office and on what date were they returned to Coonoor and how?

(f) Are Superintendents of Post Offices allowed to carry the records for inspection to their offices and if not what action do Government propose to take against the Superintendent?

Sir Ganen Roy: (a) On 14th, 15th and 16th July.

(b) Three days in each case.

(c) Yes.

(d) (1) Registered and Parcel Lists of dates selected by the Superintendent; (2) 17th July, 1926.

(e) (1) Five days; (2) returned on 23rd July, 1926, by registered post.

(f) There is no Manual rule prohibiting the removal of the records of a sub-post office to a Superintendent's office for inspection, but under the Special Rules and Circulars of the Postmaster-General, Madras, the removal of such records is prohibited. The irregularity has been pointed out to the Superintendent by the Postmaster-General.

INSPECTIONS OF BRANCH POST OFFICES BY LT.-COL. W. A. SMITH, SUPERINTENDENT OF POST OFFICES, NILGIRI DIVISION.

372. **Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state the names of Branch Post Offices inspected by Lt.-Col. W. A. Smith, Superintendent of Post Offices, Nilgiri Division, during the months from May to December, 1926.

(b) Will the Government be pleased to state the names of branch Post Offices whose records were carried or caused to be sent by Lt.-Col. Smith to the Superintendent's office at Ootacamund without being scrutinised during his visits for inspection.

(c) Were the records of branch post offices so carried or caused to be sent to the Superintendent's office by his predecessor, Mr. Nash?

Sir Ganen Roy: The information is being collected and will be furnished to the Honourable Member in due course.

POWERS OF SUPERINTENDENTS OF POST OFFICES IN CONNECTION WITH APPOINTMENTS AND DISMISSALS OF SUBORDINATES.

373. **Mr. Amar Nath Dutt:** Will the Government be pleased to state the powers of Superintendents of Post Offices so far as appointments and dismissals of subordinates under him are concerned?

Sir Ganen Roy: A Superintendent of Post offices is authorised to appoint officials under his control only on the minimum pay of the time-scale fixed for the locality. He has the power to dismiss those whom he is authorised to appoint.

**PUNISHMENTS INFLICTED ON HIS SUBORDINATES BY LT.-COL. W. A. SMITH,
SUPERINTENDENT OF POST OFFICES, NILGIRI DIVISION.**

374. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to lay on the table a statement showing month by month fines and other punishments inflicted by Lt.-Col. Smith, Superintendent of Post Offices, Nilgiri Division, on his subordinates since he took charge of that division?

(b) Is it a fact that Post Office Manual Rules prescribe "that punishments by fines should be discouraged and resorted to only on rare occasions for perverse and repeated neglects"; and if so, will the Government be pleased to state if all the officials who were fined were found guilty of perverse and repeated neglect of duty?

(c) In how many cases do the fines amount to a week's pay and what was the officials' offence in each?

Sir Ganen Roy: The information is being collected and will be furnished to the Honourable Member in due course

**NUMBER OF CLERKS AND LEAVE RESERVE CLERKS WHOSE SERVICES
WERE DISPENSED WITH BY LT.-COL. W. A. SMITH, SUPERINTENDENT
OF POST OFFICES, NILGIRI DIVISION.**

375. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state the number of (1) clerks, and (2) leave reserve clerks whose services were dispensed with by Lt.-Col. Smith, Superintendent of Post Offices, Nilgiri Division, since he took charge of the Nilgiri Division.

(b) How many of them were reinstated on appeal to the Postmaster-General, Madras?

(c) Is it a fact that Lt.-Col. Smith issued telegraphic orders dispensing with the services of a clerk above the first efficiency bar though he had no powers to do so, subsequently modified his orders and kept the official under suspension pending enquiry into his conduct and a month after the official was reinstated?

(d) Do Government propose to take disciplinary action against the Superintendent for his action?

Sir Ganen Roy: (a) (1) Two clerks and (2) one leave reserve clerk.

(b) Three.

(c) Yes.

(d) I am calling on the Superintendent concerned for an explanation and will consider the question of disciplinary action

**RETENTION OF LEAVE RESERVE CLERKS IN HIS OFFICE BY THE SUPER-
INTENDENT OF POST OFFICES, NILGIRI DIVISION.**

376. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state if it is a fact that the Postmaster-General, Madras, has issued instructions to the Superintendents of Post Offices in his circle stating that leave reserve clerks should not be kept attached to their offices? If so, will a copy of the instructions be laid on the table?

(b) Will the Government be pleased to lay on the table a statement showing month by month the number of (1) clerks, (2) leave reserve clerks, (3) unpaid probationers or learners, and (4) peons who were working in the

office of the Superintendent of Post Offices, Nilgiri Division, for the period from May to December, 1926, with reasons for retention where the total of (1) the clerks and leave reserve clerks, and (2) peons exceed the sanctioned strength of that office?

(c) Are Government aware that consequent on the retention of leave reserve clerks in the Superintendent's office so many of the clerks in the Division are denied the benefit of leave and do Government propose to direct that leave reserve clerks should not be kept in those offices even in the capacity of acting clerks?

Sir Ganen Roy: (a) Yes. A copy of the instructions is laid on the table.

(b) The information is being collected and will be furnished to the Hon'ble Member as soon as possible

(c) Yes. Action will be taken.

Copy of a communication No. A. T.—2263/Ruling, dated the 24th August 1926, from the Postmaster General, Madras, to All Superintendents of Post Offices, Madras Circle.

Subject:—Regarding the entertainment of leave reserve clerks in Superintendents' offices.

It has been brought to my notice that reserve clerks are kept attached to Superintendents' offices. As this system of allowing reserve clerks to work in the Superintendents' offices is irregular and contrary to the instructions communicated in this office letter No. M.E.-541, dated the 14th March, 1922, it should cease immediately. If any reserve clerk is working in your office, he should be removed from it and attached to a post office (head or sub) as desired by the Director-General in his letter No. A. E.-270, dated the 7th July, 1924, a copy of which was forwarded to you with this office endorsement No. A. T.-2263/Ruling, dated the 20th August, 1924.

**COLLECTION BY MR. F. W. DECROZ, OFFICIATING POSTMASTER,
OOTACAMUND, OF PUBLIC DONATIONS FOR "THE NEW POST OFFICE
BUILDING HOUSE WARMING FUND".**

377. ***Mr. Amar Nath Dutt:** (a) Is it a fact that in November, 1926, Mr. F. W. DeCruz, Offg. Postmaster, Ootacamund, raised a public donation at Ootacamund for what he stated as "The New Post Office Building House Warming Function" and if so, will the Government be pleased to state the total amount collected by him? If not, will the Government call for the information?

(b) Is it a fact that the Honorary Secretary of the Ootacamund Branch Union brought the above matter to the notice of Lt.-Col. Smith, Superintendent of Post Offices, Nilgiri Division, and if so, what action was taken by the Superintendent on it?

(c) Is it a fact that Mr. DeCruz wrote to the Superintendent that he raised the subscriptions under instructions from the Superintendent communicated to him by the head clerk of the Superintendent?

(d) Is it a fact that Mr. DeCruz is working in the Ootacamund Head Post Office for about twenty-four years without a transfer? If so, for what special qualifications?

Sir Ganen Roy: (a) Yes, about Rs. 230.

(b) Yes. The Superintendent directed Mr. DeCruz to return the amount collected, which was done immediately.

(c) No.

(d) No.

TRANSFER OF MR. N. RAMACHANDRAN, HONORARY SECRETARY OF THE COIMBATORE BRANCH OF THE ALL-INDIA POSTAL AND R. M. S. UNION, FROM COIMBATORE WEST TO GUDALUR.

378. ***Mr. Amar Nath Dutt:** (a) Will the Government be pleased to state if it is a fact that the Superintendent of Post Offices, Nilgiri Division, wrote to the Postmaster-General, Madras, in reply to his A. T.-2748, dated the 15th September, 1926, stating that he had reasons to believe that Mr. N. Ramachandran, Honorary Secretary of the Coimbatore Branch of the All-India Postal and R. M. S. Union, had done his best "to cause inconvenience to him in carrying on the administration of the division"?

(b) Are Government aware that Mr. Ramachandran was transferred from Coimbatore West to Gudalur as the clerk in the interests of the service?

(c) Is it a fact that office-bearers are penalised for their union activities in the way in which Mr. Ramachandran was dealt with; and if not, will Government be pleased to state the reasons for the official's transfer?

Sir Ganen Roy: The information is being collected and will be furnished to the Honourable Member in due course.

REQUISITIONING BY THE ARMY DEPARTMENT OF THIRD CLASS ACCOMMODATION ON THE S.S. "CALIFORNIA."

379. ***Lieut.-Colonel H. A. J. Gidney:** 1. Are Government aware that the S. S. "California" of the Anchor Line, which sailed on the 25th November, 1926, was the only vessel sailing from Bombay to Great Britain which provided third saloon accommodation?

2. Are Government aware that this vessel makes only one homeward journey a year from Bombay?

3. Are Government aware that the major portion of this vessel's third saloon accommodation was taken up by the Army Department for British troops, to the exclusion of a large number of civilians who had been looking forward to taking advantage of the cheap fares offered?

4. Will the Government, in view of the great hardship and inconvenience caused to a large body of its civilian employees, consider the advisability of utilising in future one of the many other means open to them for conveying troops to England?

Mr. G. M. Young: 1. So far as Government are aware, the answer is in the affirmative.

2. No, Sir, it sometimes makes two journeys a year.

3 and 4. Accommodation in transports was not available for these troops. The responsibility of selecting accommodation for troops, who cannot be fitted into transports, rests with the Director of Sea Transport in London, who acts on requisitions from the War Office. The military authorities in India are not concerned with the selection.

RETENTION IN GOVERNMENT SERVICE OF MINISTERIAL OFFICERS UP TO THE AGE OF 60 YEARS.

380. ***Lieut.-Colonel H. A. J. Gidney:** (1) Will Government be pleased to state if a ministerial officer is retained in service up to the age of 60 years provided he is efficient?

(2) What procedure is followed before declaring a ministerial officer inefficient?

(a) Are any charges relating to his inefficiency framed and his defence obtained, as is done in other cases of removal from service, or, (b) is it left to the Head of the Office to exercise this discretion as he thinks fit?

(3) In the case of (b) what redress has the ministerial officer against such treatment when he thinks it harsh and inequitable?

The Honourable Sir Alexander Muddiman: (1) A ministerial officer may be required to retire at the age of 55, but is ordinarily retained in service, if he continues efficient, up to the age of 60 years.

(2) No procedure has been laid down for the exercise of the discretion of the head of the office. The case is not analogous to a disciplinary order of removal and consequently no charges of inefficiency are framed. On the contrary in the case of the retention of an officer after the age of 55, the head of the department has to satisfy himself that the officer is efficient.

(3) It is open to a ministerial officer not satisfied with a decision to submit a petition for its re-consideration.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please state whether his reply is on all fours with the official circular controlling this matter, of which I have a copy in my hand, in which it is stated that the date on which a ministerial servant must compulsorily retire is ordinarily the date on which he attains the age of 60, and the date of compulsory retirement is the date from which he is required to retire?

The Honourable Sir Alexander Muddiman: The Honourable gentleman appears to have an old circular

Lieut.-Colonel H. A. J. Gidney: I believe that circular is in force to-day; I am however open to correction.

The Honourable Sir Alexander Muddiman: And I am also open to correction by the Honourable Member

RETIREMENT OF BACHELORS FROM GOVERNMENT SERVICE AT THE AGE OF 55 YEARS.

381. ***Lieut.-Colonel H. A. J. Gidney:** Will Government kindly inquire and state if it is a fact that, in some Departments, ministerial officers, who are bachelors are retired at the age of 55 years and married men at 60 years? If so, do Government propose to insist on a uniform procedure being followed, *sine ira et studio*, in all Departments so as not to cause dissatisfaction and unnecessarily increase pensionary charges?

The Honourable Sir Alexander Muddiman: I have no information on the point, but if the Honourable Member will bring to my notice any instance where this procedure is followed, I will have enquiries made.

Sir Victor Sassoon: Out of that answer are we to take it that bachelors in Government service are supposed to deteriorate more rapidly in efficiency than married men? If so, why should this be the state of affairs as it is not the case in non-official classes?

The Honourable Sir Alexander Muddiman: My sympathies would naturally be with the bachelors, but I repudiate the major premise of my Honourable friend.

DISCONTENT AMONG EMPLOYEES OF THE BENGAL NAGPUR RAILWAY
AT KHARGPUR.

382. ***Pandit Nilakantha Das:** (a) Has the attention of Government been drawn to the statement of Mr. Mukunda Lall Sircar, Secretary, Bengal Trade Unions Federation, published in the *Hindustan Times* of Delhi, 29th January last, and his cablegram, referred to there, to the British Trade Union Congress?

(b) Do Government propose to give the employees an opportunity of an impartial enquiry into the whole subject as suggested by the Secretary, Bengal Trade Unions, in his statement above referred to?

(c) Are the Government aware of the recent arrangement of the Bengal Nagpur Railway authorities by which they empowered their District Officers to deal with all cases regarding employees below Rs. 200 a month, and the protest of the employees thereon?

(d) Were the Railway Board informed beforehand of the Standing Order 12 (*vide* page 25 of the *B.-N. Railway Gazette*, 8-1-27), giving the lower officers courts of appeal from the decision of the District Officers first in a committee consisting of the District Officer himself and some of his subordinates, and then finally a Board consisting of 2 or 3 similar District Officers?

The Honourable Sir Charles Innes: (a) Yes.

(b) The Government have just heard that a strike broken out at Khargpur and that it has spread to some other stations. They are waiting for the full report promised by the Agent and can say nothing more at present.

I am ascertaining the fact relating to points (c) and (d) and will communicate with the Honourable Member later.

Pandit Nilakantha Das: Have the Government any information that the strike has already taken place?

The Honourable Sir Charles Innes: Yes, Sir.

TRAVELLING TICKET INSPECTORS ON THE BENGAL NAGPUR RAILWAY.

383. ***Pandit Nilakantha Das:** (a) Is there any principle regarding age, qualification, etc., in the appointment of Travelling Ticket Inspectors on the Bengal Nagpur Railway?

(b) How many have been appointed during the last two years?

(i) How many of them are recruited from outside?

(ii) How many of these new recruits are quite new in the service?

(iii) What is the general qualification of those new recruits?

Mr. A. A. L. Parsons: Government have no information. Enquiry is being made and the Honourable Member will be informed.

TRAVELLING TICKET INSPECTORS ON THE BENGAL NAGPUR RAILWAY.

384. ***Pandit Nilakantha Das:** (a) Are Travelling Ticket Inspectors on the Bengal Nagpur Railway required to show an income not less than their pay? Is there any circular (not open to the public) to this effect?

(b) Are these Travelling Ticket Inspectors the sole judges of the age of children travelling on half charge?

Mr. A. A. L. Parsons: Government have no information. Enquiry is being made and the Honourable Member will be informed.

ASSISTANCE AFFORDED BY THE BENGAL NAGPUR RAILWAY TO THE ILLITERATE THIRD CLASS PASSENGERS REGARDING THEIR LUGGAGE.

385. ***Pandit Nilakantha Das:** Are there any arrangements to check and advise and help about the luggage of unlettered third class passengers at the starting, checking and main stopping stations, *e.g.*, Howrah, Khargpur, Khurda Road, Cuttack, Puri, Berhampore, etc.?

Mr. A. A. L. Parsons: Passenger Superintendents are employed by railways at big stations to help third class passengers. Government are not kept informed of the names of stations at which Passenger Superintendents are posted as this is a matter of detail which must necessarily be left to the Agent of the railway concerned.

PAY OF TRAVELLING TICKET INSPECTORS ON THE BENGAL NAGPUR RAILWAY.

386. ***Pandit Nilakantha Das:** What was:

(a) the pay of Travelling Ticket Inspectors and

(b) the fare, freight and penalty they realised for the Bengal Nagpur Railway during:

(i) 1924.

(ii) 1925.

(iii) 1926 (as many months as possible)?

Mr. A. A. L. Parsons: Government have no information. Enquiry is being made and the Honourable Member will be informed.

(1) SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS IN THE UNITED PROVINCES.

*(2) ABOLITION OF COMMISSIONERS IN THE UNITED PROVINCES.

387. ***Mr. Ismail Khan:** Will Government be pleased to state what orders they have passed on the reports submitted by the United Provinces Government in respect of:

(i) the separation of judicial from executive functions;

(ii) the reduction in number of Commissioners in the United Provinces?

The Honourable Sir Alexander Muddiman: (i) The question is still under the consideration of the Government of India

(ii) The Honourable Member is referred to the reply given to Mr. Gaya Prasad Singh's question No. 301 of 1st September, 1925

Pandit Hirday Nath Kunzru: May I ask when Government are likely to reach a decision with regard to the separation of judicial from executive functions, and how long the matter has been under consideration?

The Honourable Sir Alexander Muddiman: The matter has been under consideration from 80 to 90 years during which Government have frequently arrived at conclusions. On the present scheme it is not likely that an early conclusion will be arrived at.

Mr. A. Rangaswami Iyengar: Sir, are the Government considering the abandonment of this matter altogether?

The Honourable Sir Alexander Muddiman: The Government have persistently and consistently moved gradually towards the separation of these functions. Particular schemes are not likely to be rapidly disposed of.

Pandit Hirday Nath Kunzru: Are they likely to proceed in the future, too, at the same rate?

The Honourable Sir Alexander Muddiman: I should think so, very much, Sir.

Pandit Hirday Nath Kunzru: Does that mean, Sir, that they have gone back on the promise given by Sir William Vincent when he was Home Member?

The Honourable Sir Alexander Muddiman: I should like the question put down, as I am not in immediate possession of what the promise alleged to have been made by Sir William Vincent was

TEACHING OF PERSIAN IN THE GOVERNMENT HIGH SCHOOL AT PORT BLAIR.

388 ***Mr. Ismail Khan:** (a) Are the Government aware that the Andamans High School Committee has resolved not to teach Persian in that school in spite of the protests of the Mussalman population of the Island?

(b) Is it a fact that the Persian teacher has been dismissed on account of this resolution, although he was competent to teach other subjects and was as a matter of fact teaching other subjects?

(c) What steps do Government propose to take in the matter? Will they consider the question of reinstating the dismissed Persian teacher?

The Honourable Sir Alexander Muddiman: (a) Government are aware that the teaching of Persian has been abolished in the Government High School at Port Blair, but have heard of no protest on the subject.

(b) The Persian teacher was thrown out of employment as a result of this decision. He was teaching Urdu in addition to Persian, as the latter did not take up the whole of his time.

(c) Government will assist the teacher in securing a post elsewhere if opportunity offers. They have considered the question of re-appointing him to the Port Blair school, but do not see their way to doing this.

APPOINTMENTS AS PROBATIONERS IN THE TRANSPORTATION (TRAFFIC) *
AND COMMERCIAL DEPARTMENTS OF STATE RAILWAYS

389 ***Maulvi Muhammad Yakub:** (a) Are Government aware that all the six candidates who have recently been selected for appointment as probationers in the Transportation (Traffic) and Commercial Departments of State Railways are non Muslims?

(b) Do Government propose to take action under paragraph 17 of Regulations for recruitment in India for the Transportation (Traffic) and Commercial Departments of the Superior Revenue Establishment of State Railways, and fill up the remaining vacancies to redress the communal inequalities of the Musulmans, by direct nomination from among candidates who have attained the qualifying standard at the examination?

The Honourable Sir Charles Innes: I am very sorry that we could not give effect to paragraph 17 of the regulations referred to by the Honourable Member in so far as Muslims are concerned. The Public Services Commission which conducted the examination reported that no Muslim had attained the qualifying standard.

EXCLUSION OF THE DEPOT LINES IN KARACHI FROM THE LIMITS OF
THE KARACHI CANTONMENT

390 ***Mr. Harchandrai Vishandas:** (a) Is it a fact that the quarter known as the Depot Lines in Karachi at present comprised within the limits of the Karachi Cantonment is to be excluded from such limits? If so, is it proposed to transfer it to the Karachi Municipality, or do Government propose to retain it with themselves to be administered by the Civil Authorities?

(b) If the answer to the first part of (a) is in the affirmative when is the transfer either to the Municipality or to the Civil Authorities expected to be completed?

Mr. G. M. Young: (a) Yes. The proposal is to transfer the area to the Local Government who will hand it over to the municipality of Karachi for development.

(b) Areas are being transferred as they become available. No definite date for the completion of the scheme can be given at present.

REFUSAL TO ALLOW OWNERS OF PROPERTIES IN THE DEPOT LINES IN
KARACHI TO BUILD OR REBUILD ON THEIR PLOTS

391 ***Mr. Harchandrai Vishandas:** (a) Is it a fact that certain owners of properties in the quarter known as the Depot Lines in Karachi have submitted to the local Cantonment Authorities during the past twelve months plans for building or rebuilding on their plots as required by the Cantonments Act 1924 and that the Cantonment Authorities have informed them that sanction to rebuild has been suspended under the orders of the Government of India pending such transfer?

(b) If so will Government be pleased to state when this embargo is expected to be removed?

(c) Are Government aware that this prohibition to build or rebuild has deprived the owners concerned of the opportunity to build in a

favourable market and that they are also suffering heavily from loss of rent and are prevented from deriving from their properties the fullest benefit to which they are entitled under the law?

(d) How do Government propose to compensate these owners for the above disabilities and for the losses they have suffered?

(e) Is it a fact that the plans for rebuilding certain properties submitted during the above period were duly sanctioned by the Cantonment Authorities but that such sanction was subsequently withdrawn under the orders of the Government of India?

(f) If so, will Government be pleased to quote the provision of the Cantonments Act, 1924, which authorizes them to issue orders withdrawing sanctions duly accorded under section 181 of the Act?

(g) Are Government aware that such withdrawal of sanction has deprived the owners concerned of the opportunity to build in a favourable market and caused them considerable losses in rent and otherwise prevented them from deriving from their properties the fullest benefit that they are entitled to under the law?

(h) How do Government propose to compensate these owners for the above disabilities and for the losses they have suffered?

Mr. G. M. Young: With your permission, Sir, I will answer this question as a whole

Government are not in possession of the full details of the particular properties to which the Honourable Member refers. I have called for further information and will supply it to him as soon as possible. I may state, however, that the Government of India have not placed any general embargo on the rebuilding of houses, nor have they any statutory power to do so. Under section 181 (3) of the Cantonments Act an intending builder can obtain automatic sanction to his application to build in a month and 15 days from the date of his original notice. What the Government of India have done is to suggest to the Cantonment Authority that it should consult the Collector of Karachi before granting individual sanctions to rebuild. They did so in view of the fact that some of the properties in question may have to be resumed by the Local Government as part of their development scheme and it would obviously be against the interests both of the Government and also of the house owners themselves that money should be spent on rebuilding houses which may have to be demolished in the near future.

Mr. Harchandrai Vishindas: How long does it take to decide whether such a contingency is likely to arise that a building will be required for public purposes? How long does it take to come to a decision, or is it indefinite?

Mr. G. M. Young: I do not know the present stage of the Development scheme.

.NOMINATION OF A LADY MEMBER TO THE LEGISLATIVE ASSEMBLY.

302. ***Mr. B. Das:** (a) Will Government be pleased to state if the Governor General in Council made any recommendations to the Governor General to nominate a lady Member to the Assembly?

(b) Will Government be pleased to state if they propose to nominate a lady Member for the remaining single nominated seat?

Mr. L. Graham: (a) The Governor General in Council does not make recommendations to the Governor General in the matter of nominations.

(b) The power of nomination is vested in the Governor General personally and not in Government.

Mr. A. Rangaswami Iyengar: May I know, Sir, if the Governor General in Council is also never consulted by the Governor General in respect of nominations?

Mr. L. Graham: No, Sir.

SCALE OF PAY AND ALLOWANCES OF EAST INDIAN RAILWAY STAFF
TRANSFERRED TO THE NORTH WESTERN RAILWAY.

898. ***Mr. Abdul Haye:** 1. Will Government please state if it is a fact that at the time of the amalgamation of the Ghaziabad-Kalka section of the East Indian Railway with the North-Western Railway, the staff of the East Indian Railway then working on this section was temporarily retained by the North-Western Railway?

2. Is it a fact that the scale of pay and allowances on the East Indian Railway are appreciably higher than those of the North-Western Railway?

3. What scales of pay and allowances were granted to the staff so temporarily retained? Were they paid according to the North-Western Railway scale or the old scale of the East Indian Railway?

4. Has the staff so retained, since then, been returned to the East Indian Railway? If the whole of the staff has not yet been retransferred will the Government please lay on the table a statement showing the names of persons still retained and the salaries allowed to them?

5. Do Government propose to retain some of the staff permanently on the North-Western Railway? If so, will the Government please state the names of the officers who are to be retained?

6. How long will it take to complete the retransfer of the staff to the East Indian Railway?

Mr. A. A. L. Parsons: (1) Yes.

(2) No. In some cases the North-Western Railway rates are higher than the East Indian Railway rates.

(3) The East Indian Railway men were allowed to retain the East Indian Railway rates of pay, but certain classes of the lower grade subordinate and menial staff were allowed the option of coming under the North-Western Railway rates.

(4) No. The information asked for by the Honourable Member in the second part of his question is not available and Government do not consider that any useful purpose will be served by calling for it.

(5) The question has not been decided.

(6)* The question does not arise.

REPRESENTATION OF MUSLIMS IN THE NORTH WESTERN RAILWAY OFFICES.

394. ***Mr. Abdul Hays:** 1. Has the attention of the Government been drawn to a letter published on page 2 of the *Muslim Outlook*, Lahore, dated 29th January, 1927, under the heading "North-Western Railway office and Muslims"?

2. If so, will the Government please state if the facts stated therein are correct?

3. What steps have the Government taken or propose to take to give effect to the policy of the Government as enunciated in Government of India Office Memorandum No. F-176-25, dated 5th February, 1926, regarding the representation of Muslims in North-Western Railway offices?

The Honourable Sir Charles Innes: 1. Government have seen the letter referred to.

2. Government have no information.

3. I would refer the Honourable Member to the reply given to a somewhat similar question No. 3 asked by Maulvi Muhammad Yakub on the 27th January last

REBATES RECEIVED FROM SHIPPING COMPANIES ON PASSAGES BOOKED BY GOVERNMENT FOR ITS OFFICIALS.

395. ***Colonel J. D. Crawford:** Will Government please state whether rebates are received from shipping companies on account of passages secured by Government for its officials?

The Honourable Sir Basil Blackett: I must refer the Honourable Member to my reply to Mr. Sheepshanks' question No. 69 (a) on the 19th August 1926.

Col. J. D. Crawford: Am I to understand, Sir, that the Honourable Member is unable to give me a reply because it is confidential, and if so, is the statement on page 305 of the Proceedings of the Meeting of the Standing Finance Committee, dated the 26th January 1927, where an extract from a letter from the Secretary to the High Commissioner for India appears correct? "Under section 2, we are applying for increased staff" he says "as section 2 entails a considerable amount of clerical work particularly during certain periods. It includes the engagement of Government passages and the rebates from shipping companies" I therefore take it my opinion is correct?

The Honourable Sir Basil Blackett: The Honourable Member is probably as fully in possession of the confidential facts in this case as I am.

Col. J. D. Crawford: Does the Honourable Member consider there is any truth in the suggestion that owing to these rebates received by Government on Government officers' passages the cost of passages for ordinary people has been raised?

The Honourable Sir Basil Blackett: Without officially admitting that there are rebates I may say I believe that the Chairman and other members of the Peninsular and Oriental Steam Navigation Company have stated that rebates given for Government passages are not in any way responsible for any increase in fares for non-officials.

DIVORCE LAW IN INDIA.

396. ***Colonel J. D. Crawford:** (a) Has the attention of the Government of India been drawn to a case in the Lahore High Court regarding Divorce Law in India, extracts of which were published in the *Civil and Military Gazette* of February 1st, 1927?

(b) Do Government intend to press for the early conclusion of legislative measures being taken by Parliament?

The Honourable Sir Alexander Muddiman:- (a) Government have seen the extracts referred to.

(b) Legislation has already been enacted.

INCREASE IN THE NUMBER OF ACCIDENTS TO LABOURERS

397. ***Mr. M. S. Aney:** Has the attention of Government been drawn to the figures in Table III appended to Bulletin No. 37 of Indian Industries and Labour, and particularly to the great increase in the number of persons injured in recorded accidents every year from 1920 to 1925?

The Honourable Sir Bhupendra Nath Mitra: It is not the case that there has been a great increase in every one of the years covered by the question. The large increase in the general accident rate in 1924 and 1925 has received the attention of Government and I would invite the Honourable Member's attention to the notes on the working of the Factories Act published with "Statistics of Factories" for those years.

PRIVATE NOTICE QUESTION AND ANSWER.

OPINIONS ON THE GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

Mr. Jamnadas M. Mehta: Will the Government state whether the opinions invited from individuals and public bodies on the Gold Standard and Reserve Bank Bill are made returnable on the 8th March next? If so, will the Government state the reason for fixing the returnable date so early?

Are the Government aware that there is an apprehension prevailing in some parts of the country that the public is being unduly hustled in this matter and will the Government make a statement with a view to removing the misapprehension?

The Honourable Sir Basil Blackett: The Gold Standard and Reserve Bank Bill was published in the Gazette on the 17th January and circulated for the purpose of eliciting opinions thereon first by executive order on the 18th January and then again on 29th January in accordance with the decision taken by this House on the 25th of January. The Government have asked for replies to the Circular by the 5th of March. They understand that in some quarters a desire is being expressed for an extension of the date. In these circumstances, I desire to explain that the purpose of the Government in fixing the 5th of March for the receipt of replies was that the replies might be printed and circulated for the information of this House in good time before the Bill comes up for further discussion in the House. As the Bill has been circulated by order of this

House, the Bill must go to a Committee and it is desirable that the Committee should be constituted before the end of the Delhi Session. If this is done, the Committee can sit before the Simla Session begins and can present its report at the beginning of that Session. The remaining stages of the Bill can then be taken during that Session. The Government believe that this procedure would be for the convenience of the House. They recognise that, in some cases, those whose opinions have been asked for might desire a longer time for consideration. The Government will be quite willing to receive and circulate, for the information of the House and of the members of the Committee, opinions received later than March the 5th; and as the Committee will presumably not sit until June at the earliest this will enable those who find difficulty in submitting their opinions by March the 5th, to have their views placed before the Committee when it examines the Bill. Opinions not received by March the 5th or within a few days of that date will, however, not be available to the House when the motion to refer the Bill to Committee comes up for discussion.

UNSTARRED QUESTIONS AND ANSWERS.

DISTRIBUTION OF THE PROFITS OF THE BENGAL-NAGPUR RAILWAY BETWEEN THE RAILWAY COMPANY AND GOVERNMENT.

80 **Mr. Varahagiri Venkata Jogiah:** (a) Will Government be pleased to explain how the Company's share of profits is made out in the case of the Bengal-Nagpur Railway as shown at page 4 of that Railway's Budget Estimate for 1926-27, when the account of receipts and expenditure given on the same page shows actual losses in all the three years for which the accounts are given there?

(b) Is it not a fact that the surplus profits of the Bengal-Nagpur Railway are worked out whenever the *net* profits of the Railways *after* meeting the working expenses and the interest charges, shew a balance of profit?

Mr. A. A. L. Parsons: For a concise statement explaining how the profits of the Bengal-Nagpur Railway are distributed between the Railway Company and Government I would refer the Honourable Member to page 20 of the History of Indian Railways (corrected up to 31st March, 1925), a copy of which he will find in the Library. The figures given in the pink book containing the estimates of the Bengal-Nagpur Railway show the actual loss to Government after meeting working expenses including depreciation, the surplus profits paid to the Company under the contract, and the actual interest charges on the capital outlay of the line. In the calculation of the Company's surplus profits, the total working expenses of the Railway include, in accordance with the terms of the contract, only the actual outlay during the year on replacements and renewals, whereas in the pink book and the Government accounts this item replaced by a figure representing the actual depreciation of the year of the wasting assets of the Railway. Further in calculating the Company's surplus profits the interest charges are reckoned at the rates fixed by the contract which are lower than the average rates of interest on the entire capital outlay of the Railway. It does not therefore follow that because a charge, technically described as surplus profits, is payable to the Company under its contract, the Railway must necessarily show a profit in the Government accounts.

CONTRACTS BETWEEN THE SECRETARY OF STATE FOR INDIA AND THE
RAILWAY COMPANIES WORKING STATE RAILWAYS IN INDIA.

81. **Mr. Varahagiri Venkata Jogiah** : Will Government be pleased to place on the table of this House, copies of the contracts entered into by the Secretary of State for India after the year 1900 with the Railway Companies working the State Railways in India?

Mr. A. A. L. Parsons : The Honourable Member will find copies of the contracts in the Library.

CLASSIFICATION UNDER THE DIFFERENT RACES OR COMMUNITIES OF
OFFICERS AND SUBORDINATES EMPLOYED ON STATE AND
COMPANY-MANAGED RAILWAYS.

82. **Mr. Varahagiri Venkata Jogiah** : Will Government be pleased to give separately under the different races or communities included in the phrases " Other classes " in the tables of officers and subordinates employed on State-managed and Company-managed Railways shown in the following totals at pages 53 and 55 of Volume I of the Railway Board's Report on Indian Railways for 1925-26 :

166 officers on 1st April 1925 ;

198 officers on 1st April 1926 ;

3,689 subordinates on 1st April 1925 ;

4,207 subordinates on 1st April 1926 ?

Mr. A. A. L. Parsons : Government regret that the information asked for is not available.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

83. **Mr. Varahagiri Venkata Jogiah** : (a) Have Government perused the communication (published by the *Amrita Bazaar Patrika*, Calcutta, dated the 28rd day of January, 1927), from the Kharagpur Branch of the Indian Labour Union representing the grievances under which the Indian employees of the Bengal-Nagpur Railway have been labouring and another from the Agent, Bengal-Nagpur Railway, giving the facts of the situation as they appeared to the Administration?

(b) Are Government aware of the unrest prevailing among the employees at Kharagpur and the threatened strike?

(c) If so, do Government propose to direct at once an inquiry into the grievances of the Indian employees?

The Honourable Sir Charles Innes : The Government have just heard that a strike has broken out at Kharagpur and that it has spread to some other stations. They are waiting for the full report promised by the Agent and can say nothing more at present.

PAY OF THE STAFF OF THE OFFICE OF THE ACCOUNTANT GENERAL, CENTRAL
REVENUES.

84. **Mr. Amar Nath Dutt** : Will the Government be pleased to lay on the table a copy of the reply to starred question No. 845, regarding the pay

of the staff of the office of the Auditor-General, etc., asked in this House on the 15th February, 1926, and which was proposed to be furnished to the questioner?

The Honourable Sir Basil Blackett: The reply to starred question No. 845 asked in this House on the 15th February, 1926, was furnished to the questioner. A copy is now laid on the table.

(a) If the Honourable Member is referring to the last revision of pay in March, 1924, the reply is in the negative.

(b) and (c). When a portion of the Deputy Accountant General, Central Revenues' Office was transferred from Calcutta in 1921, the men so transferred obtained no improvement in their scales of pay prior to their transfer but they did receive on transfer an increase of 25 per cent on their time-scale pay.

Subsequently, on the move of the rest of the Accountant General, Central Revenues' Office to Delhi in 1924, this increase of pay was revised and personal pay on the following scale was granted to those recruited on or before the 17th January, 1921 :

Clerks, Stenographers, Cashier, Assistant	{ on Rs. 100 and below—Rs. 20.
Cashier and Typists.	{ on pay above Rs. 100—Rs. 40.
Accountants	Rs. 40.

This personal pay was not absorbed in the immediate increase of pay admissible to the men on the revised scales of pay sanctioned from the 1st March, 1921,
1st March, 1925, for the

clerical staff, but is to be absorbed in future annual increments.

(d) (1) Rs. 112.

(2) and (3)—

Clerks of the office of the A. G. C. R. (Calcutta Branch) transferred from Calcutta in 1924.	Clerks of the Audit Office, Delhi Province, which existed in Delhi prior to 1921 and which with the office of the Dy. A. G. C. R. merged in the office of the A. G. C. R. in 1924.	Clerks of the office of the Dy. A. G. C. R. (G. I. Branch) transferred from Calcutta in 1921, and merged in the A. G. C. R.'s office in 1924.
Rs. 92 plus personal pay of Rs. 12.	Rs. 110	Rs. 108 plus personal pay of Rs. 7.

There is no separate office of the Deputy Accountant General, Central Revenues.

POWERS OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS TO SANCTION EXPENDITURE IN CONNECTION WITH THE PAY AND PROSPECTS OF HIS STAFF.

85. Mr. Amar Nath Dutt: (a) Is it a fact that the Director General, Posts and Telegraphs, has got no power to sanction any expenditure with regard to the pay and prospects of the staff of his own office and that he was deprived of that power only in 1920?

(b) How in the circumstances did the Government reply in answer to the last of the supplementary questions to starred question No. 1061 in the Assembly on the 8th March last that if the expenditure involved is within the power of the Director General, etc.?

(c) Is it a fact that all proposals of the Director General involving expenditure must have the approval of the Financial Adviser, Posts and Telegraphs, as part of the Government of India under the present constitution?

The Honourable Sir Bhupendra Nath Mitra: (a) According to rules published with the Government of India, Finance Department Resolution No. 669-E. A., dated the 9th June, 1922, the Director-General has powers to sanction expenditure in connection with the menial establishments only of his own office.

(b) It was explained in the reply to the first of the supplements to that question that there was no representation before Government. Government could not therefore know whether the prayers made in the representation to the Director-General were or were not within the powers of the Director-General.

(c) Only those proposals which the Director-General is not competent to sanction under the rules cited in (a) above are submitted to the Financial Adviser, Posts and Telegraphs.

PETITIONS OF AGGRIEVED CLERKS OF THE OFFICE OF THE DIRECTOR
GENERAL, POSTS AND TELEGRAPHS.

86. Mr. Amar Nath Dutt: (a) Is it a fact that a number of individual petitions, praying for the same treatment as has been accorded to Babu M. M. Mukherjee, a clerk of the office of the Director General, Posts and Telegraphs, were submitted by certain aggrieved clerks senior in service to Murari Babu and addressed to the Government of India and to the Secretary of State as well?

(b) If so, what action has been taken on the same?

The Honourable Sir Bhupendra Nath Mitra: The information is being collected and will be furnished to the Honourable Member in due course.

CASE OF BABU BIVAS CHANDRA MITRA, A CLERK IN THE OFFICE OF
THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

87. Mr. Amar Nath Dutt: Will Government be pleased to state:

(a) whether the case of Babu Bivas Chandra Mitra, a clerk of the Director General, Posts and Telegraphs' office, has been settled? and

(b) whether he has been granted the War gratuity and special promotion as rewards for his services in Mesopotamia? If not, why?

The Honourable Sir Bhupendra Nath Mitra: (a) The clerk in question has now been promoted to class A.

(b) He is not entitled to war gratuity. He worked in Mesopotamia as a Telegraph clerk. The Army Council decided in 1923 that no relative rank could be assigned to Telegraph clerks with retrospective effect for the purpose of payment of war gratuity. Nor could special promotion be granted as a reward for his services in Mesopotamia. Such promotion was stopped as a result of the orders of the Government of India issued in 1920.

GRANT OF ADVANCE INCREMENTS IN THE TIME-SCALE TO BABU
SATCHIDANANDA CHATTERJEE OF THE OFFICE OF THE DIRECTOR
GENERAL, POSTS AND TELEGRAPHS.

88. Mr. Amar Nath Dutt: (a) Will the Government be pleased to state whether a clerk named Babu Satchidananda Chatterjee of the office of the

Director General, Posts and Telegraphs, has just been granted advance increments in the time-scale only on the direct intervention of his group officer on his appeal?

(b) Is it a fact that unless a group officer of any individual clerk or clerks of that office intervenes, no appeal from any official is considered even if submitted under rules?

Sir Ganen Roy: (a) No. The Branch officer merely recorded his views in submitting the petition to the Director-General. Final orders were passed by the Government of India six months ago.

(b) No.

APPOINTMENT OF BABU KASISWAR LALA AS SUB-RECORD CLERK OF
THE RAILWAY MAIL SERVICE, NARAYANGANJ.

89. **Mr. Amar Nath Dutt:** (a) Is it a fact that Babu Kasiswar Lala, the present Sub-record clerk of the Narayanganj R M S., was a staunch follower of Dayananda while he was a sorter at Silchar?

(b) Is it a fact that for this offence he was transferred far away from the "S" Division and was on long leave?

(c) Is it a fact that during the leave he tried to obtain an invalid certificate to enable him to stay at Silchar and serve under Dayananda?

(d) Is it a fact that while Babu Mohini Mohan Lahiri, the present Superintendent, R. M. S., "S" Division, was the Superintendent, R. M. S., "C" Division, Babu Kasiswar Lala served under him in the "C" Division and was retransferred from "C" to "S" Division?

(e) Is it a fact that in spite of there being many sorters superior in service to Babu Kasiswar Lala, in the "S" Division and even in the Narayanganj Sub-record Office, he has been posted as Sub-record Clerk, Narayanganj, superseding the claims of many senior sorters on the time-scale?

Sir Ganen Roy: (a) He was believed to be so.

(b) He was transferred to the C Division and took 6 months' leave before joining it. Government have no information about the cause of his transfer which took place in 1911.

(c) There is no information on the point.

(d) He served in C Division under Babu Mohini Mohan Lahiri and other Superintendents from 1911 to 1925 and was then transferred to S. Division.

(e) The appointments of Sub-Record clerk do not go by seniority but are conferred on the most capable men.

ALLEGATIONS AGAINST BABU KASISWAR LALA, SUB-RECORD CLERK OF
THE RAILWAY MAIL SERVICE, NARAYANGANJ.

90. **Mr. Amar Nath Dutt:** (a) Is it a fact that at the instance of Babu Kasiswar Lala many transfers of permanent sorting staff under the Narayanganj Sub-record office were made during the short tenure of his service at Narayanganj?

(b) Is it a fact that he has caused heavy recoveries in the shape of fines and telegraph charges from the sorters under him extending up to Rs. 11 a month from a sorter?

(c) Is it a fact that he put the sorters frequently in double and triple duties?

(d) Is it a fact that he refused to accept medical certificates granted by registered medical practitioners to some sorters under him?

Sir Ganen Roy: (a) No.

(b) The answer to the first part is in the negative. As regards telegraph charges the amounts are heavy only in two instances.

(c) Yes.

(d) Yes, in accordance with the standing orders of the Divisional Superintendent.

EXPERIMENTAL POST OFFICE IN THE VILLAGE OF BHATTUVARIPALLI IN THE DISTRICT OF NORTH ARCOT.

91. **Mr. O. Duraiswami Aiyangar:** (a) Are Government aware that an experimental Post Office is working in the village of Bhattuvaripalli of the Kangundi Division in the District of North Arcot (Madras Presidency)?

(b) Is it a fact that it has been working at profit for over two years?

(c) Is it a fact that the zemindar of Kangundi has also been contributing a quota for the upkeep of the post office?

(d) Is it a fact that in spite of the office working at a decided and definite profit the zemindar is still asked to continue his contribution on a pain of the office being otherwise closed?

(e) Are Government aware that the village is the headquarters of the zemindar and the office is essential for the benefit of his ryots?

(f) Do Government propose to confirm the post office there?

Sir Ganen Roy: (a) Yes.

(b) No.

(c) Yes.

(d) No.

(e) The reply to the first portion is in the affirmative and to the second portion in the negative. With respect to the third portion, the matter is under consideration.

IMPORTS OF GHEE SUBSTITUTES INTO INDIA.

92. **Mr. Mukhtar Singh:** Will Government be pleased to place on the table the following information:

(a) the countries from which the substitutes for ghee are imported into the country;

(b) the amount of substituted ghee imported into India annually during the last five years;

- (c) the time since when these substitutes are being imported into the country;
- (d) the different names under which the article is being imported;
- (e) the customs duty levied on the different articles imported as substituted ghee during the last five years giving the rate of duty charged on the valuation of the article?

The Honourable Sir Charles Innes: (a), (b), (c) and (d). Government have not complete information as imports of substitutes of ghee are not separately recorded. The quantities imported are, however, believed to be somewhat large. One of the principal varieties is named "Lily Brand Vanaspati" and comes from Holland.

(e) Substitutes for ghee have always been liable to duty at the general rate which is now 15 per cent. *ad valorem*. Duty, which was levied on the real value up to 1926, is now being assessed, since January 1st, on a tariff valuation which for the current calendar year has been fixed at Rs. 46 per cwt.

**PROVISION OF SEARCH LIGHTS ON ENGINES BETWEEN DELHI AND
BHATINDA ON THE METRE GAUGE SECTION OF THE BOMBAY,
BARODA AND CENTRAL INDIA RAILWAY.**

93. Pandit Thakur Das Bhargava: (a) Are any search lights provided on any of the railway engines carrying mail or passenger trains between Delhi and Bhatinda, Bombay, Baroda and Central India Railway (metre gauge)?

(b) If not, why?

(c) If such provision is in contemplation by what time is it likely to be accomplished?

Mr. A. A. L. Parsons: (a) and (b). Fifteen mail and passenger engines working between Bhatinda and Sirsa have been fitted with electric head lights.

(c) It is hoped that all mail and passenger engines working on the whole section, Bhatinda to Delhi, will be fitted during the next six months.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received 12 Noon. from the Secretary of the Council of State:

"I am directed to inform you that the Council of State have, at their meeting held on the 11th February, 1927, agreed without any amendments to the following Bills which were passed by the Legislative Assembly on the 31st January and 2nd February, 1927:

A Bill further to amend the Indian Limitation Act, 1908.

4 Bill further to amend the Indian Registration Act, 1908."

BILLS PASSED BY THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table the following Bills which were passed by the Council of State at its meeting of the 11th February, 1927.

They are:

A Bill further to amend the Bengal Tenancy Act, 1885, for a certain purpose.

A Bill further to amend the Provident Funds Act, 1925, for a certain purpose

A Bill further to amend the Madras Salt Act, 1889, for a certain purpose

THE STEEL INDUSTRY (PROTECTION) BILL.

The Honourable Sir Charles Innes (Commerce Member): I beg to move that the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration.

If the House will excuse me, I propose to treat this motion purely as a formal motion. When I proposed about a fortnight ago that the Bill should be referred to a Select Committee I made a very long speech explaining the Tariff Board's Report and the reasons why the Government had accepted the proposals made by the Tariff Board and had incorporated them in their Bill. I am sorry that in Select Committee I was not able to get complete agreement with the Government Bill; but I think that at any rate I can say that in that Committee I carried out quite faithfully the promise I had made to this House, namely, that the whole subject should be open to discussion in all its aspects and that I would do my best to assist the members of the Committee in coming to a right decision. I regret that a number of amendments have been proposed to my Bill, but when those amendments come up for discussion the House will have a full opportunity of considering all the issues involved. The only particular remark that I wish to make at this stage is that I wish to say quite publicly that the statements made in Mr Jinnah's note appended to the Select Committee's Report are correct. They are a correct account of what I told Mr. Jinnah and the Select Committee. Sir, I move

Mr. President: Motion moved.

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

Mr. Jamnadas M. Mehta (Bombay City Non-Muhammadan Urban): I beg to move that the Bill, as reported by the Select Committee, be recommitted to the Committee for reconsideration.

The reasons are as follows. At the outset it is necessary for me to tell the House that it was not possible for me and several other members of the Select Committee to attend the meetings of that Committee on all days as we had expected to do. The reason was that there were meetings going on at the same time on the same day and practically at the same hour of two Committees, namely, the Railway Standing Finance Committee and this Select Committee, and it was not possible for me to

persuade the Railway Member and the Commerce Member so to adjust the time for the meetings of these two Committees as to enable those of us who were elected by this House to serve on the Select Committee on the Steel Industry (Protection) Bill to be present there, and although the time allowed by the House for reporting the Bill was over ten days and though there were only 4 meetings of the Select Committee, the Honourable the Commerce Member could not make this adjustment. That explains the reason why this report apparently looks to be a majority report, while as a matter of fact if we had been allowed to be present the so-called majority report would have been a minority report. (*Some Honourable Members*: "Question?") I still maintain that if we had been allowed to be present the majority report would have been a minority report. That seems to be the fate of the members of this Government. The Honourable the Home Member had a majority report on the Reforms Enquiry Committee while it was actually a minority report and next comes the turn of the Honourable the Commerce Member where the so-called majority report is really a minority report. But let that pass. The only thing that I wish to complain of here on the floor of the House is that if the House elects Members to serve on particular Committees and the Honourable Member in charge of the Bill does not make it convenient for those Members who are elected by this House to be present in spite of their request and in spite of time being available, then the election by the House of those Members to that extent is nullified, and without any fault of theirs those Members are no good for the purpose for which the House sends them.

The next point is that the Bill as it now stands still contains both directly and indirectly the principle of Imperial Preference to which the House showed such emphatic opposition on the day on which the Bill was referred to Select Committee. I cannot understand why this important question of protection to steel should be mixed up with such a controversial question like Imperial Preference, and I am also surprised that the Tariff Board should have recommended a method so full of controversy. Not that the question of Imperial Preference is new to this country. Imperial Preference is all round us. Look at the Benches opposite;—but for the fact that Imperial Preference exists, those who are seated on the Front Benches there would be seated elsewhere. Imperial Preference does exist in this country but the whole point is that the Imperial Preference as it does exist now is a thing in the shaping of which we have no voice, but in this Bill we are asked to give our sanction to the principle of Imperial Preference. Sir, that is precisely what we cannot do, and the reasons are quite obvious.

This country is really kept out of its birthright of self-government. It is being exploited in the interests of British Imperialists and capitalists. It is being used as a tool for the purpose of enslaving other countries, and to-day the name of India stinks in the nostrils of the nations of the world for having become, however unwillingly, the instrument of British Imperialism for the purpose of destroying the liberty of the people of China. All this is being done without our consent and against our will and it will be a miracle if the people of this country could be persuaded to accept Imperial Preference. Therefore, the introduction of the principle of Imperial Preference in this report has burst like a bombshell on us and much as we are inclined to give protection to the Indian steel industry, we cannot reconcile ourselves to this Imperial Preference, and, so far as

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it lies in our power, I say we shall not touch this Imperial Preference ~~ever~~ with a pair of tongs.

Apart from this question of Imperial Preference (*An Honourable Member*: "British") the Bill as it has emerged from the Select Committee is neither a sound economic proposition nor does it secure adequate protection to the industry for which it is intended. There are four reasons why this Bill as it stands now cannot be accepted as a sound measure for granting protection to the steel industry in India. One is that it is really based on speculation; this will be made clear by a reference to paragraph 166 on page 96 of the Tariff Board's Report. It is stated there that all the recommendations made by the Tariff Board are interdependent and everything that they have urged must stand and must actually be realised or otherwise the protection that they have recommended would not materialise nor would it be adequate. For instance they have given on page 39 the annual output of the Tata Steel Industry—rails, fish-plates and many other articles—and what they say is this. Not only the average output of Tatas during the next seven years must be five lakhs of tons a year, but the proportion in which all these articles are to be turned out must remain the same during this period of seven years. Otherwise the protection would not be sufficient. It is to my mind an amazing thing that the Tariff Board should say that their recommendations hang entirely on everything that they have stated and must include the output of Tatas for seven years—not merely the average output but the proportion of each article to the other and of all articles to the total figure of the output. That is the kind of finding that the Tariff Board have asked us to take as the basis of protection. The output of rails must be 195,000 tons and no more and no less; the galvanised sheets should be 30,000 tons a year, nothing more and nothing less. If this proportion is not maintained, the results, they say, may not be what they expect. This is a most extraordinary thing and yet strange to say it is stated categorically by the Board in paragraph 166, page 96 of the Report, and I venture to say that even the wisest man, not even Solomon, could promise the Board that such a thing would be realised in practice year after year during a period of seven years; I say, Sir, that a recommendation that is based throughout on a speculation of such a serious character cannot be regarded as a safe basis for protection to the Steel Industry for seven years.

Then the second objection to the Government Bill is that protection as it will actually be secured to the industry is very precarious in the first four years. The Fiscal Commission and the Assembly, when they embarked on the policy of protection, wanted to give not a bare living wage to the national industry, not to give a protection that will keep it simply alive from hand to mouth from day to day, not to give a protection which at the end of ten years will simply keep the Tata industry in existence, not to give a protection that will be beggarly and niggardly, which while subjecting this country and the tax-payer to an expenditure of several crores would not advance the steel industry to such an extent as to bring into existence more iron works and more steel works. The object of the Fiscal Commission as it was accepted by the Assembly was not to keep Tatas simply above water. The object was to give such a protection as will in course of time bring new steel concerns into existence, so that there may be internal competition and prices may be reduced and India may become self-contained in the matter of the production of steel. That

has not been achieved. That cannot, will not, be achieved by the recommendations of the Tariff Board and the Bill as it now stands before us. The effect of the Bill will be simply to keep the industry above water; the result will be that during the next seven years, Tatas will merely survive. The Bill and the Tariff Board take sufficient care to see that the protection they give will not be generous enough to induce other people to invest their monies and thereby increase the output of steel in this country so as to make India self-contained. Moreover, for four years, so far as I can see, the Bill will not enable the Tata industry to earn the dividend which the Board promises; the average output of 500,000 tons which has been assumed by the Board will not be forthcoming for four years; the average assumed works cost per ton will also not materialise for the first four years.

Mr. M. A. Sinnah (Bombay City. Muhammadan Urban): May I rise on a point of order. I would like to have your ruling as to whether we are at this stage to discuss the motion that the Bill be recommitted or whether we can also discuss the general provisions of the Government Bill. The motion by the Member in charge is that the Bill be taken into consideration and the first motion of my Honourable friend Mr. Jamnadas is that the Bill as reported on by the Select Committee be recommitted to the Committee for reconsideration. You will find, Sir, that that is the amendment. Therefore, if we are going to discuss the amendment, then we should confine ourselves to the merits of the amendment as far as possible and not discuss the merits of the Bill or the other amendments.

Mr. President: The Honourable Member knows that the motion before the House is that the Bill be taken into consideration and also the motion that the Bill be referred back to the Select Committee. If the motion for reference back to the Select Committee is lost, the House will have again to discuss the whole question on the consideration stage. Therefore, what the Chair proposes to do is to allow at this stage full discussion both on the consideration motion and on the motion for recommitting the Bill to the Select Committee. If the motion for referring the Bill back is lost, then no further discussion will be permitted and the motion for consideration will also be put to the vote. This procedure will prevent repetition of arguments.

Mr. Jamnadas M. Mehta: I am very much obliged to you, Sir. I was pointing out why this Bill should be referred back to the Select Committee. One reason, among others, is that the Government Bill gives a very precarious protection to the industry during the next four years out of a period of seven years. The average works cost which they have assumed is simply a compromise between the present cost and the cost as it will be seven years hence, and as we know from the Report of the Board neither the average assumed output nor the average assumed works cost will be realised for the next four years. The present total output is somewhere near 4 lakhs of tons a year. The present works cost is Rs. 79 a ton in case of rails while the average assumed output is 500,000 tons a year and the average assumed works cost is Rs. 71 per ton. It is on the assumed averages that the Board calculates its figures of the outgoings of the industry, namely, depreciation, overhead charges and 8 per cent. interest to those who have invested their capital in the industry, and the figure it arrives at is 1 crore 94 lakhs; but on the basis of the

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present output, which is lower than the average assumed and of the works cost which is higher than the average assumed Tatas will not get a crore and 94 lakhs as their income in the next four years but they will get something like a crore and 80 or 40 lakhs only. On the figures I have worked out, Tatas will get 54 lakhs less on account of the fact that their present works cost is not Rs. 71 and their present output cannot be 500,000 tons. For that reason Tatas will not get a crore and 94 lakhs for the next four years, which is assumed as the minimum necessary in order to enable the industry to live. Therefore, for four years the industry will live in a precarious condition when the shareholders will get no dividends, and the shareholders somehow or other happen to be a most important element in the question of protection. Unless they get a fair return on their money no man will come forward to invest his money for expanding the industry. These shareholders in a scheme of protection are like the Pandas at a Hindu place of pilgrimage; the Pandas must be paid if the ancestor is to go to heaven. Similarly, these shareholders must be paid adequately; capital must be remunerated liberally if the industry is to attract fresh capital, and if India is to be self-contained in the matter of its steel industry. Therefore, I say the second reason why the Tariff Board Report cannot be accepted and why the Bill based on that Report must be recommitted to Select Committee is that the protection which the Bill gives is very precarious in the first four years of the 7 years' period.

The third reason, Sir, why the Bill should be referred back to the Select Committee is that it imposes an intolerably heavy and yet unnecessary burden on the consumer in certain parts of India without benefiting Tatas in the least. To my mind, Sir, that is the worst feature of this Bill, and I submit, Sir, that, to that extent, to speak in legal language, the recommendation of the Tariff Board is *ultra vires*. The Board were not called upon, indeed they had no right to recommend the imposition of burdens which do not enure to the benefit of the industry; they had no right to place any burden on the consumer which cannot possibly by any stretch of imagination do any good to the industry; and yet in the Tariff Board's Report you find recommended the imposition of a heavy duty on Continental steel used by the people of Bombay, Madras, the Central Provinces, the Deccan, Karachi, Burma, East Bengal, Assam—in fact two-thirds of the country. These parts of India use Continental steel; Tata steel cannot compete there, and yet under the scheme of the Tariff Board and under the Bill as it has emerged from the Select Committee these parts of India will have to pay, according to estimates I have framed and which I maintain are fairly accurate, a sum of nearly 40 lakhs of rupees a year on certain articles coming from the Continent without Tatas being better off by a single rupee or a single ton and for no other purpose than of giving protection to British steel. To my mind that is the strongest objection possible, a conclusive objection, to the Tariff Board's recommendation. They have made a recommendation which is outside their scope, which really they had no right to make, which they were not called upon to make under their terms of reference. What is the use of taxing steel which goes to Madras when Tata steel does not go there? What is the good of it? The Tariff Board have taken care not to explain how the taxing of Continental steel in Madras or Burma can benefit the Tata industry. They cannot prove it; they have

not proved it, and yet in the provinces I have mentioned a burden of 40 lakhs will be placed upon the shoulders of the consumer without any corresponding advantage to Tatas. That is my third objection to the Bill as it emerges from the Select Committee.

And the fourth is, Sir, that because they are penalising Continental steel in this way and because they are penalising the consumer in those parts of India where Indian steel cannot reach, they are by that very fact enabled to give a certain, almost generous, measure of protection to British steel, which is not necessary for the protection of the Indian industry. I will point out how British steel will benefit at the cost of Continental without the indigenous industry being a bit better off: from the figures stated by the Board British rails will get the benefit of a 7 per cent reduction in duty. British galvanized sheets will get a 15 per cent reduction in duty: fish-plates will get a 40 per cent reduction. Structural steel will get a reduction of 96 per cent.: bars will get 85 per cent.: plates will get 38 per cent., and only black sheets will be taxed 16 per cent. more than now, but against that the Continental sheets will be charged nearly 100 per cent. more. All these sacrifices will have to be undergone by the consumer not for the benefit of Tatas but for giving preference to imports of British steel. For these four reasons, Sir, it appears to me that this Bill is not one which this House should accept in preference to the other scheme which I shall proceed to explain to the House. But I am quite sure that the House has been convinced that on account of the speculative character of the foundations on which this Bill has been based, on account of the precarious protection which it gives to the indigenous industry, on account of the intolerable burden which it unnecessarily places on the consumer, and on account of the partial and generous treatment which it gives to British steel—I am sure the House is convinced that on account of these four reasons the Bill is suspicious enough to render necessary a reference back to the Select Committee.

Apart from that, there are other reasons why the House should agree to this motion to refer back the Bill to the Select Committee. The question of giving bounties to the industry in India without imposing additional duties on the consumer of foreign steel was not properly considered in the Select Committee. As I told you, Sir, some of us were kept out on account of the arbitrary manner in which this meeting was held and therefore we could not place our scheme, the combined scheme of bounties and duties, before the Select Committee as I had intended to do. And the scheme which I wished to place before that Committee is briefly this. But perhaps before I deal with it I should make a few observations on the alternative scheme which has been evolved by my Honourable friends Mr Birla and Mr Chetty. I have supported that scheme because in the first instance it eliminates Imperial Preference. But as I have said, I prefer the combined system of bounties and duties to that scheme because that scheme in my humble opinion also imposes an unnecessarily heavy burden on the consumer without benefiting the Tatas. Therefore, the scheme which remains for the consideration of the House and which was not considered in the Select Committee is the combined scheme of bounties and duties. To my mind it is the cheapest; it is as effective as the Tariff Board's scheme and it is less burdensome than that scheme. I wish to place it before the House so that they may be induced to refer this Bill back to the Select Committee. Sir, I have calculated that the additional duty which the consumer will have to pay under the

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Government Bill without benefiting Tatas is nearly 40 lakhs of rupees. That additional duty the consumer will not have to pay under the scheme which I am now explaining and yet Tatas will get equally generous, if it is generous, protection as they are to get under the Government Bill and the Tariff Board's Report. I therefore urge, Sir, that the basic duty which the Government have proposed both on Continental steel and on British steel should remain, but the additional duty which they have proposed on Continental steel must go; and the average fair selling price of Tatas being Rs. 120 per ton, if the additional duties on Continental steel are remitted and Tatas have to sell their output cheaper, then I suggest that the difference between the fair selling price and the actual market price on these goods must be made good to them by means of bounties as it has been made good on some other articles in the past. The figures which I have taken from the Tariff Board's own Report in table 18 relate to the following articles; the output of these by Tatas will be of structural sections, 70,000 tons, of bars, 90,000 tons, of plates, 30,000 tons, of sheets, 13,000 tons, every year during the seven years' period. These are the four articles on which the Tariff Board propose an additional duty, for no valid reason as I have said before: of Rs. 11 per ton in the case of bars and structural sections, Rs. 16 in the case of plates and of Rs. 24 in the case of black sheets. I say, Sir, these additional duties should not be imposed at all, because thereby without any benefit to Indian steel the users of these articles are penalised. The good that the Government intend to do by the imposition of these duties could be brought about by paying an equivalent amount of bounties on the output of the Tatas—and those bounties will be, on the figures of the Tariff Board as stated in table 18, on structural sections, 70,000 tons at Rs. 11 per ton, i.e., Rs. 7,70,000; on bars, the output being 90,000 tons, Rs. 9,90,000, on plates, the output being 30,000 tons, at Rs. 16 a ton, Rs. 4,80,000, on black sheets 13,000 tons, bounty Rs. 24, Rs. 3,12,000. Therefore, Sir, the total amount of bounty which will be payable under the scheme that I have submitted in my minute of dissent would be annually the sum of Rs. 25,52,000. Tatas will thus, under my scheme, be in exactly the same position as they would be through the imposition of the additional duties on Continental steel, which come to nearly Rs. 40 lakhs. You can save the consumer all these 40 lakhs of rupees by paying Rs. 25 lakhs to Tatas. And therefore the question arises whether these Rs. 25 lakhs are available, and if they are available, whether they are available every year during the seven years. That is the whole question. If I could satisfy the House that these 25 lakhs will be available for payment of bounty every year for the whole period of seven years without imposing any fresh burdens on the consumers, then, Sir, I have proved my case. Sir, the responsibility on my shoulders is to prove that these 25 lakhs are available every year. Now, Sir, the Tariff Board have, with the weight which attaches to an authority with no body to be kicked (Laughter), and with no soul to be saved, dogmatically declare in paragraph 95 of their Report that the system of bounties is open to objection on financial grounds. "We hesitate to commit"—with all solemnity, they say, forgetting that they have stated in earlier reports exactly the contrary—"We hesitate to commit the Government to payment for such a period." Why? Why do you hesitate? Why did you agree earlier? So far as the principle of bounties is concerned, it has been clearly laid down by the Board themselves and I want only that the same

principle should be followed now. Sir, here is the principle which the Tariff Board have enunciated in 1925. They were then discussing the relative merits of bounties and duties; then relating to bounties, they say on page 10, paragraph 18 (Report of 1925):

"We have no hesitation in recommending the adoption of the former alternative," namely, bounties, and not only that, they go further and say.

"From the outset of this inquiry our view has been that the supplementary protection necessary should be given as far as possible in the form of a bounty, and that the customs duties should not be increased unless it appeared that the payments in respect of bounties were likely to exceed the additional revenue derived from protective duties."

The Honourable Sir Charles Innes: You note the word "supplementary".

Mr. Jamnadas M. Mehta: I quite agree, I wholly agree. I say that the principle there enunciated was that of supplementary protection; it is this; you impose a certain duty, and if that is not sufficient, you pay a bounty. That is precisely what I am here contending, so that it remains for me to show that Rs. 25,52,000 can be obtained from the lower protective duties which I advocate. Sir, for that purpose the figures of imports I have taken are of the year 1925-26 and these will be found on pages 156 to 175 of the Tariff Board's Report, so that the authority for these figures cannot be questioned—and these figures are as follows. The total imports of the articles we are considering were 6,73,000 tons in the year 1925-26. I maintain, Sir, that the imports are bound to increase as the output per year of Tatas is a constant unvarying factor, for a period of seven years; and the requirements of this country to-day are increasing year after year, as stated by the Tariff Board itself, on account of increase of population or trade, but I will take it that there will be no expansion of the requirements for steel in the next seven years, which is really a very cautious position . . .

The Honourable Sir Charles Innes: Beyond what figure?

Mr. Jamnadas M. Mehta: Beyond 12 lakhs on the whole. I am not taking account of the expansion which may be expected normally. I am relying on the figures of 1925-26, i.e., 6,73,000 tons, as the normal annual imports from abroad; on the authority of the Tariff Board themselves the output of the Tatas during seven years is an average of five lakhs tons a year and therefore seven lakhs must come from abroad. Sir, the basic duties which the Tariff Board propose on these imports will bring the following income on structural sections, Rs. 14 lakhs, on bars, Rs. 20 lakhs, on plates, Rs. 4,54,000, on sheets, Rs. 9,20,000, on galvanized sheets, Rs. 16,98,000, on rails, Rs. 85,000, and the total of these will be Rs. 65,57,000. The minimum receipts from the foreign imports will be Rs. 65,57,000, and without the additional duties, the bounty which you will have to pay will be Rs. 25,52,000; therefore there will be a balance of 40 lakhs remaining in the hands of Government every year without imposing another burden of 40 lakhs of rupees on the consumer; this will also afford to the industry exactly the same protection as will be secured under the Government Bill or the Tariff Board's proposals. Sir, if this is so, as I maintain from the facts that the Tariff Board have given, why, for whose benefit, should we impose an unnecessary burden of 40 lakhs on the consumer down in the Madras Presidency, all throughout Burma and again in Karachi? For what purpose? Sir,

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I do not think the House will be at all convinced that it is necessary to penalise the consumer of foreign steel for the benefit of nobody in particular. It is dangerous to place in the hands of the Government revenues which are intended to be protective, and not intended to be a source of additional income; and yet Government will get,—if the scheme embodied in the Bill is accepted—Government will get every year 1 crore, 1 lakh and 42 thousand rupees, additional revenue, which will not go towards benefiting the industry. The reasons which the Tariff Board have given for the purpose of imposing additional duties on foreign steel are, to my mind, entirely unconvincing; the Tariff Board have said that prices of British steel would be fairly stable, but the prices of foreign steel cannot be predicted with any success. Sir, I think the Tariff Board simply were wedded to certain pre-conceived notions and therefore they had to find the reasons to support those notions; they have said in the earlier part of the Report that British steel and Continental steel are exactly on a similar footing so far as their future prices are concerned; but subsequently they have exaggerated the uncertainty regarding Continental steel. In paragraph 81 the Tariff Board themselves admit the two basic facts apply not merely to the Continental steel but also to British steel, namely, that “European steel prices are now at about the pre-war level while the cost of living is considerably higher”. Now, if these fundamental facts are applicable not merely to British steel but also to Continental steel, namely, that the prices are on the pre-war level and the cost of living has increased over the pre-war level of the cost of living, then, Sir, you have reached the bedrock prices and you cannot argue that prices will go down in either case under such a state of things, namely, the price level has gone to pre-war condition and the cost of living is higher. If these are facts the manufacturer must be continuously making a loss and if he is making a loss, he cannot possibly sell steel cheaper. To my mind, Sir, the considerations which are mentioned in the Report as likely to lead to lower prices of Continental steel in the future are wholly unconvincing. When you remember these two basic facts, the higher cost of production and the prices on the pre-war level, you will agree that it is almost impossible that the fluctuations in Continental steel prices can be very much more than the fluctuations that will take place in any other country including Great Britain. Therefore the reason for imposing a higher duty on Continental steel is entirely taken away and becomes absolutely baseless. The second reason which they have given for imposing additional duty on Continental steel is this. What is the use, they say, of allowing Continental goods to enter India at lower duties? The difference between their prices and the British prices does not enure to the consumer. I say, Sir, the Tariff Board's findings on this issue are open to the severest criticism; they are not supported by any evidence; they can produce no evidence, because they have taken none. This finding is therefore based on no foundation. The Tariff Board never moved out of Calcutta. They peregrinated between Jamshedpur and Calcutta and never went to other places where Continental steel is sold and they had no evidence except the information which they received from Government officials or port officials.

The Honourable Sir Charles Innes: What about Mr. Trivedi's evidence?

Mr. Jamnadas M. Mehta: Mr. Trivedi does not bear out the Board's allegation in the recent statement which he made to the Press. Mr.

Trivedi himself in a representation to the Government has stated that the Tariff Board took no evidence on this matter and therefore their finding is vitiated, and their own figures, Sir, are against them. The Tariff Board's figures on pages 158 to 175 show, if the House and the Honourable Members will go into them, that there was a difference between the selling price of the British article and the selling price of the Continental article, a difference varying from Rs. 17-4-0 to Rs. 30 a ton; therefore the statement that the benefit of the lower prices of Continental steel does not enure to the consumer is baseless on their own finding; and to add to the confusion of the Tariff Board there are pouring forth protests not from the dealers of Continental steel, not from any interested quarter, but from the people who are using Continental steel. They deny the statement of the Tariff Board that they are not getting the advantage of cheaper Continental steel. Firstly, there is the statement made by Mr. Godrej, a gentleman who is engaged in the manufacture of safes out of Continental steel. This gentleman is not a dealer in Continental steel. He has therefore no interest at all. His interests would be against the dealers who are supposed to take away the profit, and what is it that Mr. Godrej says. He wrote a letter to the *Times of India* and has also been good enough to send me a telegram. In the telegram and the letter Mr. Godrej emphatically denies the allegations of the Tariff Board. He says:

"Continental steel sheets have always perfectly satisfied our requirements"

If you look at the statement of the Tariff Board, they say that both as regards quantity and strength, you cannot rely on Continental steel. Here is a responsible man who contradicts the statement of the Tariff Board categorically. A ton of theory is not quite equal to an ounce of fact. And here is an ounce of fact against a ton of theory of the Tariff Board—

"Continental steel sheets have always perfectly satisfied all requirements of our industry. Proposed additional duty on non-British sheets would be a needless and intolerable burden and would lead to our closing several lines ourselves. Other industries all over the country will also disappear. Tatas unable to supply sheets."

Mr. M. A. Jinnah: Does not Mr. Godrej buy in the bazaar?

Mr. Jamnadas M. Mehta: He buys in the bazaar and he is satisfied with the quality. Here is the testimony of a man who gives the lie direct to the finding of the Tariff Board that Continental sheets cannot be relied upon and that there is no cheapness in their prices. But the testimony of Mr. Godrej does not stand alone. There is another telegram again from the users, as against the dealers of Continental sheets, and they are 15 or 16 firms who are engaged in making trunks, safes and tanks out of these sheets. They say:

"We, the consumers of steel, manufacturing trunks, safes, and tanks protest against this high duty."

They say:

"English material will not permit us to compete and ruin our trade owing to high prices."

They complain that if you impose these heavy duties on Continental steel, the articles which they manufacture to-day would be manufactured over the Continent and will be imported cheaper into India than they can manufacture. And finally, Sir, there is a very concluding testimony from a

[Mr. Janssahib M. Mehta.]

public meeting which was held in the City of Delhi yesterday, where my Honourable friend Saiyid Murtuza Sahib presided, and there again the people who collected were consumers as against the dealers of Continental steel.

They say in the Resolution which they unanimously passed:

"This meeting of trades people, small industrialists and consumers of steel products at large, unanimously resolves that the decision of the Select Committee, on the Steel Protection Act approving of the scheme of differential duties on the manufacture of United Kingdom Steel and from other Continental countries and thus far stimulating and encouraging imports of steel of British manufacture is disastrous to the cause of trade, small industry, and poor consumers of India. Inasmuch as these classes are deprived totally of the benefits of cheap Continental goods, and their soft quality enjoyed for over half century, this meeting therefore strongly advocates the continuance of the present system of uniform duties on all steel irrespective of the country of origin, the loss to the Indian steel being made good by the payment of bounties from the receipts of protective duties."

This is the testimony coming from Delhi, at a meeting not of dealers but of trades people, industrialists and consumers.

Mr. Godrej in his letter to the *Times of India*, says that thousands of labourers will be thrown out of employment. I will read the relevant portions of Mr. Godrej's letter dated 10th February, 1927:

"We are large users of steel sheets, and so we are very keen on understanding intelligently the arguments advanced by those who suggest that the steel sheets produced by the Tatas should be protected by a bounty, and those who say that protection should be given by taxing Continental sheets more heavily than British sheets. As large users of steel sheets, we should naturally be against any tax on imports coming either from Britain or from the Continent as it would mean a heavy tax on our productions and a great help to our European and American competitors who have already flooded the Indian markets. There are hundreds of small factories all over the country making cheap safes and steel boxes (*this is an important part of Mr. Godrej's statement*), there are hundreds of small factories all over the country making cheap safes and steel boxes, and they will suffer heavily if Continental sheets are subjected to the proposed taxes. Taxation of steel sheets will, moreover, result in the disappearance of many small workshops all over the country, throwing large numbers of workmen out of employment, and that at a time when complaints of unemployment are so very general everywhere. That some kind of protection should be given to the only steel industry of the country no sane man will deny, but if that is the only interest that is to be considered (*here comes the real and only point*), if that is the only interest that is to be considered, protection should be given by bounty and not by taxing imports, as the latter course is sure to result ultimately in thousands of workmen being made miserable."

This is the verdict of a gentleman who is not a dealer in steel but who is one of the largest users of steel sheets, and whose statement, therefore, that Continental sheet steel is reliable and cheaper ought to be relied on.

I will in this connection recall the recommendation of the Fiscal Commission on which we have based all these protective duties inaugurated in 1924. The Fiscal Commission have expressed the opinion that protection by means of bounty is very legitimate; that being so, and, as I hope I have proved to the satisfaction of the House that the combined system of tariff duties supplemented by bounties out of receipts from protective duties, ~~not revenue duties~~, is economically sound, the House will pass my amendment. I think that it at once limits the burden on the consumer, and assures sufficient protection to the industry. It does not place an ~~unnecessary~~ large sum in the hands of the Government after the payment of bounties. For these reasons I hope that the House will agree to refer the Bill to Select Committee where this question can be finally threshed out.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, at the outset I would like to join with my friend Mr. Jamnadas Mehta in protesting against the way in which the Select Committee on the Steel Protection Bill and the Railway Finance Committee were held at the same time. My Honourable friend Sir Charles Innes is the Member in charge of both these things, and I believe he could have adjusted the meetings of these Committees to suit our convenience but as the result of the simultaneous meetings of these two Committees, some of us were not in a position to attend the meeting of the Select Committee.

Sir, coming to the work of the Select Committee itself, I would like to pay my personal tribute to my Honourable friend, the Commerce Member, for the very valuable help that he gave us in giving us all the facts and figures that are necessary to discuss the question from all its various standpoints; and in particular I and the other members who have signed the minority report must pay our special thanks to Sir George Rainy and Mr. Wright for the very valuable assistance they rendered to enable us to make the actual draft of the Bill embodying our scheme.

Sir, early in 1924 this Assembly took a momentous step in giving effect to the policy of giving discriminating protection to the industries of India, and it is a very significant fact that the first industry that was chosen for the application of the policy was an industry of such great national importance as the steel industry. Sir, it is recognised on all hands that the steel industry is a basic national industry. It is the basis of the implements of peace and the sinews of war, and it is a matter indeed for congratulation that this Assembly has chosen this particular industry for the application of this policy of discriminating protection. Even a wealthy country like America has sought to protect its steel industry by raising a tariff wall which is higher than in most European countries, and in the papers to hand only this morning I find that steps are being taken in South Africa to develop the steel industry in that country. The Assembly in South Africa has passed the first reading of the Bill introduced by the Minister of Defence to promote the development of iron and allied industries in the Union of South Africa, and the Bill provides that the iron and steel requirements of the Union of South African railways shall be bought from the Corporation itself at a price not over 10 per cent. above the cost of imported steel. During the last three years, in addition to the very heavy protective duties that we have imposed on imported steel, we have given to the steel industry in India bounties to the extent of over 200 lakhs of rupees; and since we intend taking a step further in this direction it is but natural that we must have a stock-taking of the results of the policy that we have been pursuing for the last three years. It is but proper, Sir, that this House must examine whether the policy of the protection of steel industry which it inaugurated in 1924 has been justified from the results achieved so far. From a study of these results I find that it is a matter on which the Government and this House might congratulate themselves. As a result of our policy of protection the output of steel in India is now as follows. In 1923 it was about 168,000 tons, in 1924, 380,000 tons, and in 1933 it is expected to be about 600,000 tons. If we take the average cost of manufacture, we find that while in 1923 it was Rs. 126 per ton, in 1926 it is Rs. 98 per ton, and in 1933 it is expected to be about Rs. 78 per ton. Even a more satisfactory feature of the situation to my mind seems to be the allowance that we are now required to make for overhead charges and depreciation. While in 1923-24 the Tariff Board found that

1 P.M.

[Mr R K Shanmukham Chetty.]

Rs. 57 per ton were ~~required~~ to make an allowance for overhead charges, the figure that is allowed in the present report is only Rs. 39 per ton. These I submit, Sir, are very satisfactory results indeed, and as I said, this is a matter on which the House and the Government can congratulate themselves. If the results of our policy that we inaugurated in 1924 are to be judged by the position of the steel industry in India at the present moment and the prospects of its future, then I might say that we have been justified in pursuing that policy. The Act that we passed in 1924 was more or less an experimental measure. The results have shown that our policy has been justified and the time has therefore come when we ought to have a more comprehensive and a more definite policy of protection. I understand that the measure that is now before us is intended to inaugurate this comprehensive and definite policy.

The step that we at present propose to take must, in my opinion, satisfy certain tests. It must, in the first instance, guarantee to the steel industry that a certain minimum protection, at any rate, will be given for a certain definite period. The protection that we give must be adequate and it should not be excessive. The protection that we give should not unduly penalise the consumer in India. It must attract fresh capital into the industry; and above all, as a result of the measure that we are now deliberately undertaking, there must be a reasonable certainty that, at the end of a certain period, the steel industry in India can stand on its own legs. In order to give effect to this policy, the Tariff Board suggested six alternative methods. They summarily dismissed four of those methods and went into a detailed examination of the remaining two. Of the remaining two methods one has been adopted by Government and is now embodied in the majority report of the Select Committee, and the other in a modified form is recommended by the signatories of the minority report. In the very able speech that my Honourable friend Mr. Jamnadas Mehta has just now made he has suggested to us the possibility of adopting a method of combined protection and bounties. So far as adequate and effective protection for the steel industry in India is concerned, I am convinced that all these methods do achieve that end. The fundamental difference in these methods comes about in the way in which the incidence of the burden, if I might say so, is sought to be distributed either on the consumer or on the taxpayer.

I will first examine very briefly the Government Bill as it has emerged from the Select Committee. In that Bill differential duties are sought to be imposed. When the Honourable Member for Commerce introduced the Bill the other day, emphatic protests were made from various quarters in this House about the principle of Imperial Preference which is sought to be introduced in this Bill. Sir, the Tariff Board, if I might say so, went out of their way to say that the scheme that they suggested was not Imperial Preference. If it was not Imperial Preference, there was no need for them to make the suggestion and try to refute the argument. Sir, I would just like to say a word about Imperial Preference. In so far as the policy of Imperial Preference is based merely on Empire sentiment, I think it has been abandoned by every Dominion in the British Empire. I observed an indication of this tendency in the speeches that I listened to in one of the conferences in Australia. The conference was on the subject of Empire trade and marketing, and speaker after speaker, representing the Australian Parliament, came forward and said that the fundamental object of their fiscal and economic policy would be the interests

of Australia first and the interests of the Empire next. That means that mere Empire sentiment is not going to play any part in determining the fiscal policy of Australia. Although we are not asked to subscribe to a policy of Imperial Preference based simply on Empire sentiment, I submit, that the Bill now before us seeks to give preference to the United Kingdom at any rate. Imperial Preference can be given in two ways. In the first place you might so arrange your tariffs as to give to the British manufacturer an advantage over the Continental manufacturer in the Indian market. From this point of view there is no Imperial Preference in the Government Bill. But there is another way of giving Imperial Preference also. The Continental manufacturer, as a result of his low cost of production, has an advantage over the British manufacturer in the Indian market. You neutralise this advantage of your rival, by imposing a heavier duty upon his products. I submit that this discrimination is nothing but preference shown to the British producer. This is the sort of preference contained in the Bill before us. Sir, I will illustrate my point with certain figures. The price of British steel imported into India without duty is Rs. 104 per ton—I am taking structural sections as an example. The price of Continental non-standard steel is Rs. 86. The Tariff Board has admitted that steel conforming to British standard specifications can be obtained on the Continent by paying an extra 10 shillings or Rs. 7. You can therefore get steel conforming to British standard requirements from the Continent at a price of Rs. 93. Therefore when the British manufacturer and the Continental manufacturer of standard steel come to compete in the Indian market, the British manufacturer finds that his cost of production is Rs. 104, while the cost of production of the Continental manufacturer is Rs. 93. What the Bill seeks to do is to put Rs. 11 extra duty upon the Continental manufactures and thereby neutralise the advantage that they have over their British rivals, in the Indian market.

The Honourable Sir Charles Innes: What about your own industry?

Mr. R. K. Shanmukham Chetty: Our own industry is there

The Honourable Sir Charles Innes: Does it not require protection?

Mr. R. K. Shanmukham Chetty: It does require protection, and if my Honourable friend will just wait, I will show how the scheme we have suggested will protect our industry without giving preference to any one. I am glad my Honourable friend interrupted me because at this stage I may as well bring out the real difference between our scheme and the Government scheme.

Sir, in our scheme we have kept before us only one view and that is to protect the Indian steel industry against all foreign competitors; but in the Government scheme they have not merely attempted to protect the Indian steel industry against its foreign competitors but they have attempted to protect the British manufacturers against the Continental manufacturers. That in short is the difference between the Government scheme and the scheme we put forward. In so far as our object is to give adequate and effective protection to the Indian steel industry there is not any difference of opinion in any quarter of this House; but in trying to give protection to the Indian steel industry are we also bound to give protection to the British manufacturer against his Continental rival? I submit, Sir, that this House cannot be called upon to undertake that task. If the British manufacturer is unable to compete with his Continental rival in the Indian market, it is for the British Government to give him

[Mr. R. K. Sharmukham Chetty.]

either a bounty or some other help to enable him to compete on equal terms. I submit it is not the function of the Government of India or of this House to be so very solicitous about the interests of the British manufacturer. When once it is conceded that steel articles conforming to British standard specifications are available on the Continent, then the argument that the Government Bill seeks to impose a different duty based on difference of quality is absolutely valueless. The net result of the Government scheme comes to this: You base your differentiation merely on the origin of the country of the commodity that is imported. And that, I submit, is a vicious principle which this House will under no circumstances subscribe to.

My Honourable friend the Commerce Member has been very emphatic in his denial that the scheme seeks to impose Imperial Preference. Sir, if this scheme is not really based on Imperial Preference, may I ask what is the significance of this proviso which we find in the Bill. The proviso is this:

"Provided that the duty leviable on any such article—(*that is, articles of non-British manufacture*)—shall in no case be less than the duty leviable on a like article of British manufacture."

In other words the proviso says that under no circumstances can the duty imposed on British steel be greater than the duty imposed upon Continental steel. Sir, my Honourable friend the Commerce Member will explain the proviso by saying that it is meant to assure the steel industry in India a certain basic and minimum duty for the 7 years. Sir, there is no doubt that the cost of production of Continental steel is very much lower than the cost of production of British steel; but suppose, for argument's sake, that during the course of these 7 years the position becomes reversed, that the cost of production of Continental steel is higher than the cost of production of British steel, as a result of which we may have to impose a Rs. 19 duty on Continental steel and a Rs. 30 duty on British steel. Would you be entitled to do this under this Bill? No. It has been specifically and deliberately excluded by this proviso; and this proviso I submit is Imperial Preference in disguise. There is, therefore, no use in my Honourable friend trying to convince this House that Imperial Preference is not sought to be introduced in this Bill.

Sir, in the minority report we have shown certain other grounds why we cannot accept the scheme as put forward by Government. It is not therefore necessary for me to go into those details. My Honourable friend Mr. Jamnadas Mehta has suggested that we might have a combination of protective duties and bounties. It is a pity in my opinion that the Tariff Board did not think it worth while to examine this aspect of the question. They have summarily disposed of the case by saying that on financial grounds the scheme is not practicable. But, if the figures given by my Honourable friend Mr. Jamnadas Mehta have any value, then I am sure this House will at least think it worth while to consider whether a scheme of combination of duties and bounties will not perhaps be a better scheme. At present I am not prepared to give any opinion on that point; but after having heard my Honourable friend Mr. Jamnadas Mehta I am convinced that it is a matter which is worth investigation; and therefore I have no hesitation in supporting the motion of my friend for recommitment to the Select Committee.

Sir, since you have ruled that we might have a comprehensive discussion at this stage, I would just like to say a word about the scheme

that we have suggested in the minority report. One of the alternatives considered by the Tariff Board was the weighted average duty. The weighted average duty is arrived at by taking the average import and its relation to the production of Tata's. Take for example steel structural sections. The import price of British steel structural sections is Rs. 104 and that of Continental steel is Rs. 86. You therefore want a duty of Rs. 16 against British steel and of Rs. 34 against Continental steel and it is further seen that Tata's steel will compete in equal proportions with British and Continental steel. Therefore, take the average of Rs. 16 and Rs. 34 which comes to Rs. 25, and instead of imposing a higher duty upon Continental steel you impose a uniform duty at the rate of Rs. 25 a ton on all steel that comes from outside. That, in short, is the weighted average system which was considered by the Tariff Board. But this system is open to very serious objections. During the course of the 7 years the price of Continental and British steel might vary and it might be necessary either to reduce or to increase the duty. Would it be advisable to entrust the Executive with this wide power of increasing or decreasing this duty? In any case you will not be guaranteeing to the steel industry in India that minimum fixed protection which we want to ensure for a certain number of years. It is to obviate this difficulty that we in the minority report have suggested a scheme which combines a basic fixed duty with a weighted average duty. According to the calculations of the Tariff Board the weighted average duty to be imposed upon all steel structural sections that come into India will be Rs. 25. What we suggest is to split up the Rs. 25 into two—Rs. 19 as a basic duty which will not be altered under any circumstances and impose the Rs. 6 as an additional duty, giving to the Governor General in Council the power to increase or decrease only the additional duty if they find that as a result of the future course of Continental and British prices the protection that we have afforded becomes either excessive or inadequate. Sir, I submit that the power we now seek to give to the Governor General is not more comprehensive than the power which is actually given by the Government itself. Even in the Government Bill we have given to the Governor General in Council the power to increase or decrease the additional duty imposed upon Continental steel, and we have also given to them the power to increase the duty upon British steel if circumstances so warrant. I submit therefore that this power that we seek to place in the hands of the Governor General in Council is not more comprehensive than the power which is placed in them by the Government Bill itself.

But it is urged against our scheme that we unduly raise the price of British standard steel and therefore penalise the consumer of this class of steel.

Mr. M. A. Jinnah: Plus the Continental, because the Continental steel will go up also.

Mr. R. K. Shanmukham Chetty: I will come to that argument later on, because on the face of it, under our scheme the price of Continental steel is lower than under the Government scheme. Under the Government scheme the price of Continental steel for structural sections would be Rs. 116 per ton while under our scheme it will be Rs. 111 per ton. But if you take the price of British standard steel, according to the Government scheme it will be Rs. 123 per ton and according to our scheme it will be

[Mr. R. K. Shanmukham Chetty.]

Rs. 120 per ton, and we are told that for works which require extraordinary strength like railway bridges and public works it will be dangerous to use Continental steel and that we must have British standard steel. Sir, may I ask as a matter of information how many bridges in Belgium have broken down—bridges which have been built with Belgian steel, and how many lives have been endangered in France as a result of using French steel for their bridges? The steel that is good enough for the life of Frenchmen and Belgians, I submit, is quite good enough to safeguard the lives of Indians. Sir, the greatest consumer of steel of British standard specification is the Government itself either in its capacity as builder of public works or in its capacity as the railway administration. As I pointed out before, the Tariff Board have come to the deliberate conclusion on the evidence that was placed before them that standard steel conforming to British specifications is available on the Continent also. That being the case, if the Government are anxious to have steel conforming to British standard specifications what they will have to do is to employ their metallurgical expert on the Continent and purchase standard steel on the Continent and not in Britain. That, I submit, is the answer to the argument that we unduly penalise the consumer of British standard steel by this duty that we propose.

Sir, I now come to the burden that we impose upon the consumer of Continental steel and my Honourable friend, Mr. Jinnah, interjected that we would be penalising the consumer of Continental non-standard steel also. On the face of it I submit that in our scheme the price of Continental non-standard steel is lower than the price of non-standard steel under the Government scheme. But I know what my Honourable friend is thinking about. The margin between the prices of Continental and British standard steel is higher under our scheme than under the Government scheme. But, Sir, . . .

Mr. M. A. Jinnah: There is no 'but'.

Mr. R. K. Shanmukham Chetty: Sir, the price of Continental non-standard steel under our scheme is Rs. 111 and it is argued that since the price of British standard steel is Rs. 120 under our scheme the retail dealer of Continental steel will take advantage, of the higher price of the British standard steel and put up the price of the Continental steel itself and thereby you will be penalising the consumer of Continental non-standard steel. But I submit that we can rest content by leaving the price to adjust itself by the competition which must certainly exist amongst the retail dealers. Surely it is not contended that in Bombay and in Madras and in Rangoon Continental steel is in the hands of one merchant or combination of merchants. We in this country have no combination either of industrialists or of dealers and the competition amongst the dealers must certainly operate in keeping the price of Continental non-standard steel to the lowest possible limit. I submit that we do not penalise the consumer of non-standard steel: on the other hand, we give a distinct advantage to the consumer of non-standard steel by lowering its price under our scheme and those who consume non-standard Continental steel are certainly greater in number than the users of British standard steel. The increase in the price of British standard steel, I submit, is

counterbalanced by the cheaper price of Continental steel under our scheme.

It must be conceded that every one of these schemes has some flaw or other—I am prepared to concede that. I am prepared to concede that in the scheme that we propose there is a flaw in that we are increasing the price of British standard steel. In the scheme that is suggested by my Honourable friend, Mr. Mehta, there is the doubtful quality of bounties, and in the scheme that is proposed by Government there is British preference. (Mr. M. A. Jinnah: "There is no British preference as much.") (Some Honourable Members: "There is.") If my Honourable friend has not been convinced by all the arguments that I have adduced so far it is no use my proceeding further on that subject. It must be conceded that every one of the schemes that we have proposed has some flaw or other and what this House will have to decide is which is the scheme that is most acceptable under the circumstances. Personally, in so far as I have considered the matter, and in so far as I have studied it carefully in the Select Committee I am convinced that the scheme which we have embodied in the minority report is the best. But having heard the arguments of my Honourable friend, Mr. Mehta, I am also convinced that he has made out a splendid case for the reconsideration of the whole case. And, Sir, whatever scheme we might ultimately adopt we feel confident that the steel industry in India has a great future and we trust that taking the fullest advantage of the protection that we offer, the industry will in the fulness of time become a national asset to our country.

The Assembly then adjourned for Lunch till Half Past Two of the Clock

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

Mr. President: The House will now resume the discussion of the motion of Sir Charles Innes and the amendment of Mr. Jamnadas M. Mehta.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadan Rural): There are three schemes before us which propose to give effect to the principle of protection on which we are all agreed. There is the scheme of differential duties which is embodied in the Bill that is before us. There is another scheme which advocates the levying of weighted average rates and there is the third scheme which proposes that there should be a uniform duty on both British and Continental steel at the lower rate, but that, in addition to that, there should be a system of granting bounties. Now, we know the opinion of Government in regard to the first two schemes. The scheme of the Bill is the one they have adopted. In regard to the average weighted system, the Honourable Member in charge of the Bill told us something in introducing the Bill the other day and the Select Committee also deals with that point. Now whether the arguments adduced by the Select Committee and by the Honourable Member are found convincing by the House or not, that aspect of the matter has certainly been dealt with to an appreciable extent. But there remains a third scheme with which so far Government do not seem to me to have dealt adequately. The Honourable Member in charge of the Bill in his introductory speech the other day rejected the system of bounties

[Pandit Hirday Nath Kunzru.]

on the ground that it would be expensive and he quoted the opinion of the Tariff Board that the financial objection was decisive. We would naturally have liked the Honourable Member to treat the subject a little more fully than he has done. We should like a little more light thrown on it and it is a pity that even the Tariff Board, whose opinion he has quoted, have not dealt with this subject with that fulness and lucidity which characterise the report as a whole. We should like to know what the total quantity of steel is on which bounties would have to be granted, the rate at which they would have to be granted and the average cost of granting them over seven years. Unless we have this material before us it is impossible for us to come to a decision so far as the system of bounties is concerned. I should have thought that Government would place us earlier in a position to form an opinion on this subject, and I think we have a right to complain that we have not been provided with fuller facts to enable us to appreciate the merits and the demerits of this particular system.

The House will understand that nobody here has got any special preference for Continental steel or any particular animus against British steel. (*The Honourable Sir Charles Innes*: "Hear, hear.") For my part I am prepared to emphasise that. If we have at times appeared to speak in favour of Continental steel, it is because it enters into petty trades and industries which I am sure the Honourable Member in charge of the Bill would like to see developed as far as possible. Now, here I will guard against a misunderstanding. I am not suggesting that the new duties proposed to be levied on various kinds of material manufactured from Continental steel would in every case be higher than the duties they have to bear now. I am free to recognise that in the case of structural sections the duty will remain as it is and that in the case of plates, it will go down. But in the case of bars and black sheets the duty on Continental steel will be increased and it may hit the indigenous trader and worker hard. Apart from the increase of duties, I plead, Sir, that being in better circumstances than we were three years ago we might, instead of trying to leave the indigenous worker in the condition in which he found himself two or three years ago, try to make things easier for him. As I said a little while ago, it is true that the duty on structural sections will remain unaltered and that the duty on plates will go down. But it is a matter for consideration whether the duty on Continental steel, because of the fact that it is used largely in petty trades and industries, should not be reduced further.

The Honourable Sir Charles Innes: May I make an interruption on a point of fact? Under this scheme the duty on Continental bars will go down from Rs. 40 to Rs. 37. The duty on structural sections will remain the same and the duty on plates will go up.

Pandit Hirday Nath Kunzru: Yes, it is the duty on bars that will go down and the duty on plates that will go up. I made the mistake quite unwittingly. I have got the necessary table given on page 61 of the report of the Tariff Board before me. To that extent what I said will need modification. But the Honourable Member knows that both plates and black sheets also enter into indigenous industries, particularly black sheets, and he might consider whether it would not be desirable and practicable to diminish the duties on these materials. If a system of bounties is practicable on financial grounds then the consideration that it would

benefit the men engaged in small trades and industries adds greatly to the force of the arguments in its favour.

I should like before I sit down just to say a word about a principle that has been discussed pretty fully in this House, I mean the principle of Imperial Preference. I did not wish to allude to it after the discussion that took place on the subject the day the Bill was introduced; but in view of the remarks that the Honourable Member in charge of the Bill made in winding up the debate I am tempted to quote a remark from the Report of the Indian Tariff Board issued in 1924. The Board of 1924 discussed the question of levying different duties on British and Continental steel, and after looking at the matter from various points of view, I may say from all those points of view from which it has been regarded by the new Board, they expressed themselves as follows:

"Except on the basis of Imperial Preference no scheme by which the duties on British steel would be differentiated from those on Continental steel can be worked out, and it does not appear to us expedient that the tariff on steel should be modified on that basis until the general question has been decided."

I am sure that after listening to the views of the old Tariff Board the Honourable Member in charge of the Bill would like to modify his own views and statements. But in any case, when doubts are expressed about the present policy being a genuinely economic one—I mean the policy embodied in the Bill before the House—Government, I hope, will bear in mind that the views that are now being expressed on this side find expression in the Report of the Tariff Board of 1924.

Mr. Arthur Moore (Bengal: European): Sir, I wish to appeal to Government to agree to a recommitment of this Bill to Committee. Like, I think, the vast majority of the Members on all sides of this House, I am in favour of Government support for the steel industry, though perhaps my reasons are not those of the majority. I was very glad indeed to hear Mr. Chetty read out an extract from South Africa which showed that in South Africa the question of steel protection was in the hands of the Minister of Defence, and my reasons for being in favour of our keeping the steel industry alive are entirely military. Like Mr. Chetty I was recently in Australia and there at Newcastle, in New South Wales, I saw a very interesting thing. I saw them trying to do exactly what we are here trying to do, that is to say to produce under great difficulties steel which could be produced better and more cheaply at home; and I came to the conclusion that both they and we are entirely right and that in our isolated position in the East we cannot afford to be without a steel industry. We cannot possibly improvise it after war breaks out, and we have got to remember that in the last war, when the submarines were in the Mediterranean and when there was no free movement except east of Suez, it was Tata's who supplied the rails for Mesopotamia, Palestine and East Africa. Sir, a country which in time of war is dependent upon overseas munitions and overseas rails is just as vulnerable as a country which is dependent upon overseas supplies of food. Therefore, Sir, I regard Tata's as an insurance, and however heavy the price may be it would be folly not to pay it. But, Sir, let us at least know what we are paying. Personally I would have preferred that originally the Government should have supported Tata's by quite another method, by creating debentures which they should hold. I regard the proper parallel as the relationship between the Admiralty and the Anglo-Persian Oil Co., and I think that the connection with our military security is so close that a similar model should have been followed. I

[Mr. Arthur Moore.]

think the tax-payer should help in time of need, but he is entitled to get something back when good times come. But since that is not to be, then I would very much prefer that the Government continued the system, which they have been following now since 1925, of bounties. Examination of that system comes second amongst the four which the Board rejected with practically no consideration at all, and I should very much like to see a more thorough examination of it than was given in that report. It is perfectly true that we have already paid out 209 lakhs on rails and fishplates, but who is to tell us the uncounted crores that we shall pay out through the consumer at large in the country when the whole burden is thrown upon the consumer. If protection in this country is to remain discriminating then I think it is most important that we should at all stages realize what we are paying. The consumer, Sir, is a much more patient ass than the tax-payer, and therefore I would like to see this registered through the tax-payer. But if bounties are to be rejected, then I would ask as a third course, why should not the Government revert to the 1924 system of weighted average prices? It seems to me a little odd that the Tariff Board every time it reports produces a new system. First of all we were given weighted averages, then we were given bounties, and now we are given something entirely new, differential duties; and each time we are led to suppose that the original arguments produced by the Board on the previous occasion were not nearly so good as they seemed. Well now this must make us I think approach their new set of arguments with considerable care. The first argument, as I understand it, that on this occasion they produce for their new programme is an entirely negative one. We are told to vote for this for the amazing reason that this is not a measure of Imperial Preference. Well, Sir, I confess that if an Indian Tariff Board presided over by an Indian President with an Indian majority had frankly come out with a scheme for Imperial Preference I should be inclined to throw up my hat, if I had one on, and cheer. But we are debarred from doing that; we are told that this is not Imperial Preference; we are told that we must put that right out of our minds and consider it as a question of cold economics. Well, I accept that indication, and I will endeavour to speak only in the language of standard steel and non-standard or soft steel. The positive arguments of the Board for this discrimination between standard and non-standard steel are two. The first argument is that the cost of the construction of certain public works which are actually undertaken or imminent would be very greatly increased, and among those works I notice the Howrah Bridge. Well, Sir, it is a charming tribute to the innocence of the framers of the report that while, in arranging a programme for the next seven years and discussing prices, they have decided to ignore totally the stabilization of the Belgian franc and the German mark, and they have decided to treat the stabilization of the French franc as by no means imminent, yet, Sir, they regard the construction of the Howrah Bridge as imminent. I should have liked to see in the report, Sir, an estimate of how much water is likely to flow under the old bridge before we get the new one. But, Sir, in any case all this argument about increased cost of construction was threshed out by the free traders in 1924, and the Government then brushed the whole argument aside. It was admitted that the cost of construction will increase, and it must be admitted now once more that under a system of protection you increase the cost not only of construction but of steel of every sort to ever user of it. Therefore I cannot understand why this should be brought forward now, why there should be this

great weakness for lowering the duty on standard steel in comparison with soft steel. So we get on to the second positive argument, which as far as I am aware is the last one, that if you encourage, or if you do not discourage, the use of non-standard steel, you are endangering public safety. We have what is called the "margin of safety" argument. Now, Sir, what has the Tariff Board to do with public safety? Why should they consider that argument at all? Surely that is an argument for engineers, that is an argument for Government Inspectors. I have never before heard that it is the business of the Tariff Board to force upon the customer one kind of article rather than another. In Great Britain there is a high standard of public safety, but I venture to think it has never yet occurred to anyone in Great Britain to suggest that the importation of soft steel should be prohibited because somebody might go and use it in a public building. They have other means of preventing the using of it, and I think if the House were to commit itself to this principle, the Tariff Board might then go very far in this question of demanding public safety. I think we ought instantaneously to dispose once for all of that argument. If we admit it, the next thing that will happen is that the Tariff Board will be reporting that the duty on alcohol must be doubled because the use of it endangers the public safety. (Laughter) My contention is that the Tariff Board is not the proper authority to report on such an issue; and if we once admit it, goodbye to all hope of scientific tariffs. Having used these two so-called economic arguments, the Tariff Board then turn aside to the argument that if they do impose this duty, they will be penalizing the users of soft steel. There are of course a great many other things to consider than the building of bridges, and there is a tremendous demand in this country for soft steel. How do they deal with that argument? They deal with it in this way. They say, in effect, that the consumer does not actually get the benefit of the lower price because at the ports, where Jamshedpur owing to distance cannot compete, what happens is that the price of soft steel is raised, so that it will just undercut the standard steel. Therefore in any case the consumer suffers, and they propose to redress that by their new proposal. Now, Sir, what does that mean? It means this that in Bombay, Madras and Burma, where Jamshedpur makes no attempt to sell its own non-standard steel, a differential duty between the two classes of imported steel is to be set up. You are reduced to the same position as if India were a free trade country, as if we had no steel industry at all, and the customs authorities suddenly decided to raise the revenue duty against one class of importers as against another. That is preference, but it is not protection.

I have tried to argue this question, Sir, on its economic merits but we cannot disguise from ourselves that while one side of the House says that there is no preference, the other side of the House inevitably regards it as a disguised preference. Now, Sir, I look forward with confidence to the time when we shall have settled our constitutional differences and when India will recognize that it is to her advantage to realize that she is part of one organic whole, the British Empire. But we cannot surreptitiously anticipate events. (Hear, hear) There is a much larger question looming up before us. The question of the steel tariff has in all its essentials been decided, but there remains before us the far greater Imperial question of cotton. Sir, I was reading a chapter by Mr Winston Churchill yesterday on the first use of tanks, and he says that the British Army, the British High Command, made a great mistake by the premature disclosure of the tank at the tail end of the Somme battle, for the sake of a very minor advantage whereby they deprived themselves of the possibility

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of a great victory in 1917. I would ask the Government not to use its tanks too soon (Hear, hear), because I am firmly convinced that India and Great Britain, more especially Lancashire, can one day come to an agreement, entirely to their mutual advantage against the unfair competition of foreign nations, by which they shall arrange to specialise their separate production in the cotton industry and to divide the trade between them. Let us not, Sir, for the sake of this puny and equivocal proposal, interfere with that prospect. I would ask the Government to be mindful

of the future and to think of the issue before us to-day in that light.

8 P.M.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, to deliver speeches is not a very pleasant function. At least I feel, Sir, that after the eloquent speeches delivered by my Honourable friends Mr. Chetty and Mr. Moore it is hardly necessary for me to say anything more on this point. But, Sir, there are certain points which require further elucidation and therefore I rise to support the amendment of my Honourable friend Mr. Jamnadas Mehta that this matter be referred back to the Select Committee. Sir, when this Bill was last discussed in this House I could see that certain Members entertained misgivings about the Bill that it involved a policy of Imperial Preference. At that time, Sir, I deliberately avoided taking part in the debate, because I wanted to wait and learn more in the Select Committee; but after hearing all the arguments in favour of the differential duty, I have come to the conclusion that this Bill as proposed by the Government does involve the policy of Imperial Preference and that at the same time on economic grounds as well it is very unsatisfactory. I must congratulate my Honourable friend Sir Charles Innes on his being able to capture the Leader of the Independent Party. I only hope, Sir, that he has been able to get only the Leader and not his followers. My great consolation is, however, that he has not been able to capture the other two most popular parties in the House. To come to the point, Sir, I repeat that this Bill as put forward before the House does involve a policy of Imperial Preference and at the same on economic grounds as well it is defective. Sir, it may be claimed by my Honourable friend Sir Charles Innes that the differential duties are sought to be imposed, not on the basis of the country of origin of the goods, but on the different qualities of the goods. But I may point out, as I did in the Select Committee, that just as England produces standard quality of steel, in the same manner the Continent also produces standard quality of steel. Similarly, what they call rejections of non-standard quality are also produced in Great Britain, and therefore under the proposed scheme any non-standard goods coming from England will have to pay a lower rate of duty than the standard Continental steel imported into India. That is point No 1. This proves very clearly that the duty is sought to be imposed on the basis of the country of origin and not on the basis of the quality of goods and therefore it is purely and simply Imperial Preference which I think the House ought to oppose tooth and nail. Sir, I would not mind giving preference to the United Kingdom manufacturer if it was a question of reciprocation or if it did not involve hitting the Indian consumer. But under the scheme, as proposed by the Government, it could be clearly proved by figures that the Indian consumer has to pay a higher price in order to protect the British manufacturer. In this connection, Sir, it would be very interesting just to have a glance at the rates at which British steel and Continental steel could be

landed without the duties being paid. Structural sections coming from Great Britain will cost Rs. 104 per ton against continental Rs. 86. Similarly bars, British manufactured, will cost Rs. 108 per ton against Continental Rs. 90; British plates Rs. 115 against Continental Rs. 92; British black sheets Rs. 153 against Continental Rs. 122. It has been explained to us, Sir, that standard steel ought to cost Rs. 7 more than non-standard. That means that we ought to get non-standard steel Rs. 7 cheaper than standard steel. On account of economical production on the Continent, if we have to pay no duty at all, we can get Continental steel in structural sections and bars, Rs. 18 lower, plates Rs. 23 lower and black sheets Rs. 31 lower than corresponding United Kingdom steel productions. Now, Sir, a thing which costs only Rs. 7 more, standard steel, which ought to cost only Rs. 7 more than non-standard steel, will cost under the present scheme Rs. 23 and Rs. 31 higher for plates and black sheets respectively and Rs. 18 higher for structural sections and bars. That very clearly shows that in order to protect the British manufacturer the Indian consumer has to pay Rs. 11 per ton extra for English structural sections and bars and Rs. 16 and 24 per ton extra for English plates and black sheets respectively. It is abundantly clear, Sir, that under the scheme proposed by the Government the Indian consumer is taxed in order to protect the British manufacturer; and thus this policy does involve the principle of Imperial preference and ought therefore to be rejected.

But on economic grounds as well, Sir, this scheme as I said is very unsatisfactory. I pointed out all these defects in the Select Committee and I think I ought to repeat them on the floor of this House. The first main objection is this, that under a differential duty the United Kingdom manufacturers will be tempted to deteriorate their quality. It is said in the Tariff Board's Report that already English manufacturers have started using semi-finished articles manufactured on the Continent and there is no guarantee that in future this practice will not go on increasing. I can say this, Sir, on the authority of Sir Charles Innes himself, who was good enough to give us a note in the Select Committee. He discussed this question and said:

"This danger exists and must be accepted as incidental to the Tariff Board's scheme."

I pointed out that under the scheme there is a great danger of the rejections being imported in large quantities into India, and he said:

"This danger exists and must be accepted"

The Honourable Sir Charles Innes: Here, Sir, I rise to a point of order. I said nothing about the danger of their coming in large quantities. If the Honourable Member quoted me, let him quote me correctly.

Mr. Ghanshyam Das Birla: Sir, I am reading from the note that the Honourable Member supplied and he can correct me if I misquote him:

"This danger exists and must be accepted as incidental to the Tariff Board's scheme, but the danger is not serious, for the quantity of such rejections imported into India is likely to be small. British manufacturers get a lower price for rejections and try to keep down the percentage of them as much as possible. Also any attempt to flood the market with rejections would injure the reputation of their steel."

He says this and then follows it up with something which is very interesting. He proceeds, Sir, and then says:

"The British manufacturer already has an outlet for rejections in the United Kingdom and in his other preferential markets."

[Mr. Ghanshyam Das Birla.]

The cat is out of the bag. If we were to provide a preferential market in India, what guarantee is there that we would not have larger quantities of rejections being dumped in India. That is a very serious danger against which we have to provide.

Sir, we have before us a very recent incident concerning some textile machinery imported into India, in which there was a deliberate deterioration of the quality. During the War a very good machine supplier, who used to keep his standard very high, had to lower it because he found that he had to compete with the products of his own country. This is an example before us, therefore it is not unlikely, it is rather very probable, that under an assured market for 7 years the United Kingdom manufacturers might deteriorate their quality and start dumping rejection goods on this country. (*An Honourable Member*: "You have power to increase the basic duty under the Bill.")

There is another danger, Sir, that is, a fall in the prices of the United Kingdom products. This matter has been discussed by the Tariff Board and they considered that it was likely on account of modernisation of works competition with the Continent, and other factors and that there was likelihood of a fall in United Kingdom prices. I admit that Sir Charles Innes has provided against that. He has provided that in such cases the duty on United Kingdom products might be increased, but I submit that this amounts to a condemnation of his own scheme.

I have got one more point to put before Sir Charles Innes. It has been brought to our notice that the question of standard and non-standard steel does not exist at all except in structural sections. If that is so, if the question of standard and non-standard steel does not arise in black sheets, in plates, and in bars, then I should like to ask Sir Charles Innes why he is so keen about imposing differential duties on these three qualities. I have been told by iron and steel merchants that except in structural sections there is no such thing as standard and non-standard steel, and that the Continental steel is as good as the British.

To come to our scheme, unfortunately I do not find my name included in the signatories, because I was not present, and you, Sir, were not kind enough to let my name go into the note of dissent

Mr. President: Order, order. I cannot allow any other Honourable Member to put his signature down for him.

Mr. Ghanshyam Das Birla: Sir, I did not make any complaint. I simply wanted to bring this matter to the notice of the House.

Three objections, three criticisms have been levelled against the amendment as put forward by my Honourable friend Mr. Chetty. One is that it is quite possible that under the weighted average scheme Tata's might not get adequate protection. To this I would only say that this argument has not been supported by the Tariff Board. Even Sir Charles Innes did not say that under the weighted average Tata's would not be getting sufficient protection. The other argument that has been levelled against the weighted average is that the consumer might have to pay a higher price than what he would have to pay under differential duties. With all respect due to my Honourable friend, Mr. Jinnah and Sir Charles Innes, I submit, Sir, that this is not correct. I would like

in this connection to put forward before the House some figures and I think that will conclusively prove that this argument has no foundation in fact. Under the differential duties the revenue of the Government would be Rs. 23,39,846 from the duties charged on the imports from United Kingdom, while Rs. 1,19,25,000 will be realised from the duties on Continental imports. That means a total of about Rs. 1,42,00,000 which would be the net burden on the consumer if we are to judge it from the Customs figures. Against that under the weighted average they will realise Rs. 31,78,000 from United Kingdom imports and Rs. 1,08,00,000 and eight lakhs from Continental imports. That is, about Rs. 1,39,00,000 lakhs against about Rs. 1,42,00,000 which means a net saving of nearly 3 lakhs to the consumer, if we were to adopt the weighted average scheme.

It has been pointed out in this connection that although these figures may be correct, the middleman who imports his goods from the Continent charges the same price at which the goods from the United Kingdom are sold, and pockets the margin between the two prices. Sir, certain figures showing the prices ruling over 1925 and a part of 1926 were placed before us, but I think when we discuss the matter in 1927 we ought to take the latest figures. I have got before me figures showing that in the month of September the prices of Continental beams were Rs. 115. (*An Honourable Member*: "What year?") 1926. You will not find that in your book. The prices of Continental beams were 115, of Continental angles 120, of bars 125, of plates 125, and of black sheets 140. Now, Sir, the Continental steel under Table 23 of the Tariff Board Report, under the new weighted average scheme should cost 111 for structural sections; against that, the prices of structural sections ruled in Bombay at 115 for beams and 120 for angles, and we ought to keep in mind that the existing duty is Rs. 30 per ton, while the proposed duty will be Rs. 25, that is Rs. 5 less. That means on the duty being reduced a further drop of Rs. 5 per ton will take place. Against bars at Rs. 125 under the weighted average the price of bars in Bombay was Rs. 125 under the existing tariff. That means they must be incurring a loss. Plates which ought to be under weighted average at Rs. 118 ruled at Rs. 125. All the prices I am giving are retail prices, not wholesale. Black sheets which ought to be 177 under the new scheme ruled at only 140. These were the prices ruling at Bombay on the 10th September 1926. This conclusively proves that the Continental importers were not pocketing the margin between the prices of United Kingdom imports and the prices of Continental imports. I think this argument that the consumer will have to pay much more under the weighted average scheme is baseless.

Sir, I do not want to say anything at this stage about the bounty system. I think this is a matter which ought to be considered carefully. I personally am not in favour of it, but it is quite possible that if this Bill is referred back to the Select Committee, some solution might be found, and we might be able to arrive at a unanimous conclusion.

With these words I support the motion of Mr. Jamnadas Mehta that "this matter be referred back to the Select Committee.

The Honourable Sir Charles Innes: Sir, I rise to speak at this stage because I want to bring the House back to what after all is the question before it, namely, whether this Bill should be referred back to the Select

[Sir Charles Innes.]

Committee. Before I deal with that matter, I should like to express my regret that Mr. Jamnadas Mehta was unable to attend the meetings of the Select Committee. I regret that fact, Sir, for many reasons. I remember Sir Frederick Whyte once telling me that he thought our procedure in India was very much better than the procedure of the House of Commons in regard to Bills and he attached the greatest value to the Select Committee procedure. The reason is obvious. You have here a very difficult and contentious Bill, a Bill which, when you discuss it across the floor of this House, naturally arouses a certain amount of passion, and I might even say fury, but when you get to a committee room and you talk it over quite quietly across a table, then you find it very much easier to arrive at points of contact and if you do come upon points of difference, they are discussed in a much calmer, more dispassionate frame of mind. In support of what I say, I invite the attention of the House to the tone of the minute signed by Mr. Shanmukham Chetty and his friends and the tone of Mr. Jamnadas Mehta's minute. I think the House will agree that Mr. Chetty's minute is couched in the most temperate and moderate language. Mr. Jamnadas Mehta's minute is characterized by a certain exuberance

Mr. Jamnadas M. Mehta: I am not a moderate.

The Honourable Sir Charles Innes: But, Sir, when the Honourable Member says that I am responsible for the fact that he was not able to be present at these Select Committee meetings, I must at once plead not guilty. The Honourable Member was elected, to my great satisfaction I may say, to the Railway Finance Committee. Also in the ordinary course his name was sent in to me by his Party for inclusion in the Select Committee on the Steel Bill. Now, Sir, the Honourable Member knew perfectly well that both the Railway Finance Committee and the Select Committee on the Steel Bill would be working against time. He knew perfectly well that when the Assembly is sitting it is extraordinarily difficult to fit in meetings of a Select Committee; he knew perfectly well that in arranging the dates for these meetings the Chairman has to take into account the convenience of all Members, particularly of those Members who attend and take part in the discussion. It was for these reasons and these reasons alone that the meetings could not be arranged on dates which suited my Honourable friend Mr. Jamnadas Mehta.

Now, Sir, as I have said, I propose to get the House back to the question whether or not this Bill should be referred back to a Select Committee. We have had some very interesting speeches to-day. Mr. Chetty has given us a very luminous speech in favour of the great advantages of his scheme for a weighted average system of duty. I noticed Mr. Chetty was not at all enthusiastic about Mr. Jamnadas Mehta's scheme for a combination of duties and bounties. Mr. Birla took the same line; he himself had no predilections at all in favour of Mr. Jamnadas Mehta's scheme, but he treated us to a discussion of the relative merits of the differential duties scheme and the weighted average scheme. Mr. Chetty's amendment in due course I hope will be moved in this House. When that amendment is moved we shall be able to discuss it because our minds will be fixed on that issue and that issue alone, namely, which of the two schemes is the better for India and which satisfies the main criterion laid down by this House, namely, that any scheme of protection must be consistent with the well-being of

India. But I suggest at this moment it is rather a waste of our time to discuss the relative merits of these two schemes, for what we are now discussing is whether this Bill should or should not go back to Select Committee. For the same reason I do not propose to touch on what has been called in this House the Imperial Preference issue. I may point out that it is perfectly useless to refer this Bill back to Select Committee in order that the Imperial Preference issue should be further discussed there. We have discussed that issue, and the two Parties have put down their respective views in their reports which are now before the House, and only the House can decide on that major issue. Therefore, Sir, because Mr. Jamnadas Mehta wishes to remove what he is pleased to call "every trace of Imperial Preference" from this Bill, that is no reason why the Bill should be referred back to the Select Committee.

Now, Sir, let me take the reasons why Mr. Jamnadas Mehta suggests this Bill should go back to the Select Committee. In the first place, Mr. Jamnadas Mehta is dissatisfied with the scheme in the Tariff Board's Report. His first complaint is that the scheme is a speculative scheme. It is speculative, if I understand him correctly, because he holds that if the Company does not produce the exact quantity of each kind of steel forecasted by the Tariff Board, then the whole scheme will go wrong. Now, Sir, I am quite prepared to admit that to some extent the Tariff Board's scheme is necessarily rather speculative, and it is rather speculative for this reason. We are trying now to devise a scheme of protection which is going to last for seven years. Everybody has agreed in this House that we should try to go for a seven-year period. We are all agreed on the reasons why we should go for that long period. Those reasons are that we want to guarantee a scheme of protection for a sufficiently long period to induce fresh capital to engage in the industry and for new firms to come into it. Now, Sir, our policy of protection is a policy of discriminating protection, and, as I pointed out in my speech when I moved that this Bill should be referred to a Select Committee, it is a necessary incident of our policy of discriminating protection that the Tariff Board should try to arrive at as careful and accurate an estimate as possible of the amount of protection required, regarding on one side the necessity of giving adequate protection to the Indian steel industry, and on the other side the necessity of keeping in mind always the well-being of the community and the interests of the consumer. That is to say, the Tariff Board, in framing these estimates for the protection required, had in the first place to frame an estimate of the fair selling price of Indian steel. It had to frame an estimate of the fair average selling price of Indian steel for a period of seven years. That is to say, it had to make an estimate, a calculation of the amount of steel which the Indian steel industry, or rather the Tata Steel Company, would produce in each of those seven years. It had to take into account certain economies which it thought the Company should make; it had to take into account certain improvements which it thought the Company should carry out. That was one side of the calculation, but since the measure of protection you require depends on the difference between your fair selling price and the price at which you can import steel, the Tariff Board had also to try and make an estimate of the average price at which steel would be imported into this country over a seven-year period. Now, Sir, that is what I mean when I say that necessarily to some extent the scheme of the Tariff Board is speculative. But, Sir, the view I have always taken and the view which

[Sir Charles Innes.]

hitherto this House has taken is this. We employ a highly expert—I think I may say a highly expert—Tariff Board. This Tariff Board has devoted eight months of intensive work to the study of this problem. It has had the books of the Tata Iron and Steel Company before it; it has taken evidence and it has made certain estimates, and it says, those are the best estimates it can make. It is utterly impossible for me, and it is utterly impossible for any Member of this House to try and do their work over again for them. We must accept these estimates, recognising that to some extent they are necessarily uncertain, but we must accept those estimates as the best estimates we can get. Even Mr. Jamnadas Mehta, though he accuses the estimates of being speculative, in his own scheme for a combination of bounties and duties uses those estimates and adopts certain parts of the scheme. The exact point which he has made, the exact reason he gives for the scheme being speculative, has no force in it at all. The Tariff Board considered that very point and they said as follows:

"The distribution of the output among the different kinds of steel is clearly liable to some fluctuation, but we see no reason to expect that it will vary in such a way as appreciably to affect the result."

It is perfectly true the Tariff Board scheme is a scheme which has got to be taken as a whole, but the meaning of that is not the meaning which my Honourable friend Mr. Jamnadas Mehta put upon it.

Then, Sir, Mr. Jamnadas Mehta accused the scheme of being inadequate in the first 4 years. That particular point was specially examined by the Tariff Board and I may say, Sir, that the Tariff Board have done far more for the Indian steel industry than Mr. Mehta has done or that Mr. Mehta is ever likely to do.

Mr. Jamnadas M. Mehta: I wish to do more.

The Honourable Sir Charles Innes: You wish to do too much. That is the trouble. What the Tariff Board say on this point is this:

"We have paid particular attention to the probable financial results of the scheme during the early years. There are two circumstances which would justify the expectations of somewhat higher profits at the commencement of the period than the probable output, and costs would indicate, namely, the probability of lower coal prices than we have assumed as the average."

Let me stop there for a moment. The Tariff Board assume as their average coal price—for the basis of their estimates they assumed the price of Rs. 8 a ton. At the present moment the Tata Iron and Steel Company are paying on an average for their coal Rs. 7 a ton; but, as the House knows, the prices of the Tata Iron and Steel Company depend upon the prices which the Railway Board pays for coal. We have just accepted tenders for the year 1927-1928 and on an average our prices are 10 annas a ton lower than they were last year. Therefore the Tata Iron and Steel Company in the year 1927-1928 at any rate is going to get its coal at something like one rupee ten annas a ton cheaper than the Tariff Board estimated. That means something like 20 lakhs to the Tata Iron and Steel Company. Then again they go on:

"...and the fact that the amount of pig-iron available for sale will be large in the first half of the period since less will be required for the manufacture of steel. It seems to us undesirable to publish a definite estimate of the profits, but we have satisfied ourselves that the receipts will be sufficient to cover the

works costs and the overhead charges (including a sufficient allotment to depreciation to meet the expenditure on the development scheme) and to leave a substantial margin for return on capital."

That is the finding on a question of fact by the Tariff Board.

Mr. Jamnadas M. Mehta: Do they say 8 per cent.? They have postulated 8 per cent. to the investor. Now they say "a substantial margin" which may be less than the 8 per cent. they have promised.

Mr. President: Order, order. Two Honourable Members cannot stand up at the same time.

The Honourable Sir Charles Innes: I am quite prepared to admit, Sir, that the whole of the Tariff Board scheme depends on what the Tata Iron and Steel Company effect in the way of certain economies. It depends on their carrying out, as they have already decided to carry out, certain improvements in their works. But, Sir, it has always been our policy in dealing with this Company, so to speak, to apply the spur to them to carry out these economies and these improvements. That policy has proved very successful up to to-day. The figures I gave when I made my speech referring the Bill to Select Committee showed that under stress of necessity the Tata Iron and Steel Company has reduced its works costs from something in the neighbourhood of Rs. 130 a ton to something in the neighbourhood of Rs. 98 a ton. Then again the Tariff Board calculations are based partly upon the actual works costs of the Tata Iron and Steel Company for August 1926. I myself am very much in the confidence of this Company and they are good enough to send me every month their works costs, and though I am not at liberty to mention the figures I am at liberty to say that since August, 1926, the Tata Iron and Steel Company have made further and very considerable reductions in certain months in the average works costs of the finished stage.

Finally, though Mr. Jamnadas Mehta, a very stout champion of the Tata Iron and Steel Company, thinks that in the interests of the poor shareholders of this Company the Government should give further protection than the Tariff Board has thought to be necessary, yet I may say that the Company which is primarily concerned, namely, the Tata Iron and Steel Company, has made no representations to me in that behalf.

* **Mr. Jamnadas M. Mehta:** I am referring to the industry, not to Tata's.

The Honourable Sir Charles Innes: If the Honourable Member is referring to the industry and not to the Company, I am at a loss to understand why he told us that one of his main objections to the Tariff Board scheme of protection was that it would not secure a dividend to the ordinary shareholders.

Mr. Jamnadas M. Mehta: Because more companies will not come into being.

The Honourable Sir Charles Innes: What we have got to remember is that if the ordinary shareholders of this Company do not get a dividend on their money it is not because the protection proposed by the Tariff Board is insufficient for a properly managed or run steel industry but owing to its own misfortunes. Owing to the misfortunes of the Company and its miscalculations, the Tariff Board is being compelled to write down the value of the Company's block from something like 19½ crores to something

[Sir Charles Innes.]

like 12½ crores. It is unfair for Mr. Jamnadas Mehta to suggest that the consumer in India, that the tax-payer in India, should pay for the mistakes or miscalculations of the Company.

Now, Sir, let me take the third reason advanced by my Honourable friend. He suggested that the Tariff Board scheme was an intolerable burden upon the consumer. Sir, I am quite prepared to admit that any scheme of protection is a burden upon the consumer. Mr. Mehta, as I have just said, is of course somewhat exuberant in his language, but when he says that the burden which this scheme, which our protection policy, has imposed upon the consumer is intolerable, I say that he is making a misuse of language. I gave reasons in the speech I made a fortnight ago for saying that the burden has been borne by the consumer in India with remarkable ease, and that in spite of our oppressive duties the consumption of steel has gone up by something like 30 per cent. And, Sir, what is the result of the Tariff Board scheme? We are going to reduce the burden still further. I refer you to paragraph 111 of the Tariff Board's Report. They say there:

"Although the whole of the protection required will be given under our scheme by import duties and not partly by duties and partly by bounties as at present, the future level of steel prices in India should be lower than at any time during the operation of protection—or indeed since the end of the Great War."

Finally, Sir, the Honourable Member accused the scheme of benefiting British steel at the expense of Continental steel. He even went so far as to suggest that the whole of this scheme prepared by Mr. Ginwalla, Mr. Matthai and Mr. Matthias was designed to do something to help the British manufacturer rather than protect the Indian industry. Sir, I am quite sure that when Mr. Jamnadas Mehta goes home to-night and thinks calmly in the quiet of his bed-chamber of what he said in his speech to-day he will be ashamed.

Mr. Jamnadas M. Mehta: I am quite proud.

The Honourable Sir Charles Innes: I am quite sure I shall have the whole House behind me when I say that we are satisfied that the Tariff Board put up this scheme for one reason and one reason only—because they thought the scheme is the best scheme in the economic interests of India. In any case, that again is a point which I need not weary the House with at the moment. Mr. Chetty's amendment removes all trace of discrimination in favour of British steel. Therefore, as I said before, we shall have full opportunity at a later stage of discussing this question. But, Sir, my Honourable friend Mr. Jamnadas Mehta was not merely destructive, he was constructive. He devoted a great deal of his time to destructive criticism of the Tariff Board's Report; but being essentially a fair-minded man he then proceeded to put forward a scheme of his own. Well, I hope to enjoy myself greatly in indulging in some destructive criticism of the Honourable Member's own scheme. His definite proposal is that we should scrap the Tariff Board scheme and go in entirely for a new scheme, namely, a scheme based on a combination of duties and bounties. I understand from Pandit Hirday Nath Kunzru's speech that some Members of the House think that they have been rather badly dealt with in that neither the Select Committee nor the Government have at any time devoted any considerable speeches or writing to exposing the difficulties of a scheme of combination of duties and bounties.

Pandit Hirday Nath Kunzru: I referred merely to this House. I do not know what took place in the Select Committee.

The Honourable Sir Charles Danes: It was brought up in the Select Committee, and when it was brought up, as I understand the proceedings, practically every one there did not think it necessary to examine this scheme at any great length

Mr. K. M. Joshi: Not every one.

The Honourable Sir Charles Innes: I think I may say that all except Mr. Joshi agreed

Mr. President: The Honourable Member is not justified in disclosing what happened in the Select Committee beyond what appears in the Report of the Select Committee itself.

The Honourable Sir Charles Innes: It was generally agreed—to use the words in the Select Committee—that it was quite impossible at any rate at this stage to bring in a scheme of bounties into the Bill prepared by the Tariff Board. That view seemed to me so eminently sound that I did not pursue the matter further. I am sorry that I did not do so. I am also sorry that Mr. Jannadas Mehta was not there in order that we might have disposed once and for all of his scheme there.

Mr. A. Rangaswami Iyengar: Why do not you try now?

The Honourable Sir Charles Innes: I propose to.

Mr. A. Rangaswami Iyengar: I mean, go back to the Select Committee.

The Honourable Sir Charles Innes: Let me first take up some of the general objections to bounties. Mr. Jannadas Mehta has said—he used the picturesque phrase that this combination of duties and bounties has stood the test of time. He said, because you have done that before, why not you go on with that which has been very, very successful? Sir, that is not a true account of what has happened. The Tariff Board in their first report definitely considered the question of a scheme based on a combination of duties and bounties, and quite definitely they turned it down except in one respect and that was in respect of rails. As the House knows, at that time—the Tariff Board reported in 1924—the Tata Company were tied up to long term rail contracts with the railways and the Railway Board. It was perfectly useless for the Tariff Board to propose any higher import duties on rails because there would have been no benefit to the Tata Company. For that reason and that reason alone they proposed a system of bounties on rails. Then, as I told the House the other day, our scheme practically broke down at the end of 1924. Things were very critical and Government jumped in—I think may I use that phrase—and proposed that we should give bounties to the Tata Company. But the point is that we made that proposal merely to tide one single company over an extraordinarily critical period, and I may say that if we had not made that proposal that Company would not have been in existence to-day. The point I wish to bring out was that at that time we had only a two-year period to deal with and only one single company, and in that two-year period it was obvious to us that no other company could out into the steel trade. Now the position is absolutely different. We are trying to devise a scheme for a seven-year period. We are doing that in the hope that we shall get new firms and new capital to engage in

[Sir Charles Innes.]

that industry. That gives you your first general objection to a bounty scheme. If you base your bounties upon production you commit yourself to an unknown liability. That is one objection. On the other hand, as your scheme becomes effective, as your imports of steel become less and less, the source of revenue from which that liability is to be met—which I take to be the excess of revenue derived from the protective duties over the amount of revenue which would have been derived from revenue duties—that source of revenue is likely to dry up. On the one hand you are committing yourselves to an unknown liability and on the other you are faced with a practical certainty that the source from which you are going to meet that liability will dry up.

Then, Sir, there are other obvious objections. Another general objection is this. If you guarantee bounties on a flat-rate system per ton over a seven-year period you get to a ridiculous position that as your Steel Company gets stronger and stronger, as it produces more and more steel, you pay over to it more and more money by way of bounties. That is obviously a perfectly ridiculous position. Therefore, if you want to get the bounties scheme down to a logical basis, you have got to arrive at some sort of scheme whereby during your period of protection the rate of duty becomes less and less. But, Sir, that brings you into other difficulties. Mr. Jamnadas Mehta says that the advantage of his scheme is that it is going to induce new firms to come in. If your rate of bounties is going to get less and less as the period of your protection goes on you are not going to get new firms to come into the industry. Obviously, *ex hypothesi* new firms when they first come into existence will be in a comparatively weak position. They will not have obtained their maximum output nor anything like the maximum output. On the other hand, you have the existing Steel Company going stronger and stronger every year, and the rate of bounties which may be applicable and suitable to the existing Steel Company may be entirely insufficient for the new Company.

Then, again, another method suggested by Mr Jamnadas Mehta is that you should limit the amount of bounties to the amount of revenue you have got available. That, Sir, as I shall show when I come to Mr Jamnadas Mehta's scheme, lands you in the most appalling difficulties. Let me come now to Mr. Jamnadas Mehta's scheme. That scheme, as I understand it, proceeds in the following manner. The duties to be imposed are the duties proposed in the Government scheme for British manufactures. That duty is to be uniform for all classes of steel coming into India, and instead of additional duties now proposed under the Government scheme to enable the Tata Company to meet Continental competition Mr. Jamnadas Mehta proposes that an equivalent amount should be given by way of bounties. I hope I have got it correctly. (Mr. Jamnadas M. Mehta: "Quite correct"). But it is subject to the proviso that the amount of bounty payable is limited to the amount recovered from protective duties. Is that correct?

Mr. Jamnadas M. Mehta: That is quite correct.

The Honourable Sir Charles Innes: Let me point out some of the difficulties of that scheme. I think the House will agree that it is an illustration of the difficulty of a gentleman even of the undoubted abilities of my Honourable friend and his brilliant intellect sitting down and in the course of a few hours thinking out a scheme on a very difficult question like this. The Tariff Board took eight months to do it. Mr. Jamnadas

Mehta sits down at the table and brings out a scheme in an hour or two,—you see the difference. Let me take structural sections. Mr. Jamnadas Mehta proposes that there should be a duty of Rs. 19 per ton on structural sections and a bounty of Rs. 11 should be given in addition. From the Tariff Board Report at any rate we know that the Tata Company competes in structural sections in the proportion of 50 and 50. Half of its sections compete with sections imported from the United Kingdom, and the other half with sections imported from the Continent. Under the Government scheme the Steel Company can get protection of Rs. 19 a ton up to 50 per cent. of its production and a protection of Rs. 30 above 50 per cent. of its production, that is to say, on an average it is going to get protection of Rs. 25 a ton. Under Mr. Jamnadas Mehta's scheme over the whole of its production it is going to get a protection of Rs. 19 a ton and also a bounty of Rs. 11 a ton on all steel produced. That is to say Mr. Jamnadas Mehta at once raises the protection which the Tariff Board thought adequate by Rs. 5 a ton on structural sections and it is the same in respect of every other article in respect of which Mr. Jamnadas Mehta proposes a bounty. My first objection to Mr. Jamnadas Mehta's scheme is that it gives excessive protection to the Tata Iron and Steel Company. Now, Sir, let me take another point in which Mr. Jamnadas Mehta is particularly interested. Mr. Jamnadas Mehta quoted paragraph 166 of the Tariff Board's Report on which the Tariff Board said that their scheme must be treated as a whole and is interdependent. What does that mean? It means this. The Tariff Board so arranged its proposals as to give the Tata Iron and Steel Co. just enough protection on each class of article it produced as well as on the whole of its production. Its object was to give a certain elasticity to the Steel Company. I do not know whether the Honourable Member has ever been to Jamshedpur.

Mr. Jamnadas M. Mehta: Happily not

The Honourable Sir Charles Innes: I thought not. In every big works the output must vary with the demand, and it is most important that a big steel company like the Tata Iron and Steel Company should be able to adjust its production to the varying demands of the moment without affecting in any way its financial results and without affecting the total amount of protection which the Tariff Board thought necessary for it. Now, Sir, I have already shown that under Mr. Jamnadas Mehta's scheme the Steel Company would get more protection to the extent of Rs. 5 a ton than is necessary on structural sections. The same applies to bars, plates and black sheets. On the other hand, it would get just the bare amount of protection required on rails, fish plates and galvanised sheets. The tendency therefore would be for the Company to concentrate on the production of those articles on which it gets excessive protection to the detriment of those articles on which it only gets a minimum protection. That is to say, it upsets the whole balance of the scheme. The result of this will be rather curious. I understand that Mr. Jamnadas Mehta's main object is to eliminate any trace of discrimination in favour of British steel. If my apprehensions are well founded, the effect will be to tend to make the Tata Iron and Steel Company concentrate on those articles in respect of which it competes mainly with the Continent and to leave a fair field to the British manufacturer in respect of the other articles. But, Sir, I come to a much more important point. I say quite definitely that Mr.

[Sir Charles Innes.]

Jamnadas Mehta's scheme is quite unworkable. Let me tell Mr. Jamnadas Mehta what the present method of working the bounty scheme is. As the House probably knows we have a scheme by which we give bounties at a flat-rate per ton on ingot production. That is the simplest and best way of giving bounties, but in order to make that method possible the Auditor General has a large staff of clerks in the Tata works counting each ingot as it is produced. Now, Sir, Mr. Jamnadas Mehta proposes bounties on sections, bounties on bars, bounties on plates, bounties on black sheets—articles which are literally produced in thousands every day. You would have to have therefore a very much larger staff of clerks belonging to the Audit Department, distributed over each mill, counting the actual sections, the actual bars, the actual plates and the actual black sheets—that is counting several thousand pieces of steel daily. You would also have to make frequent weighing tests and that will put the Tata Iron and Steel Company to very considerable inconvenience, as they would have to keep the overhead cranes continually pulling about pieces of steel. From that point of view I have no hesitation in saying that the scheme would be extremely difficult to work. But, Sir, it is unworkable for another reason. Mr. Jamnadas Mehta suggests that the amount payable by way of bounties must not exceed—he makes that a proviso—the amount recovered in each year from the protective duties. What does that mean? What does the Honourable Member mean by the amount recovered from protective duties in each year? I happen to remember that in the calendar year 1925 we recovered from our protective duties on iron and steel a sum of 2½ crores of rupees. Therefore, if the Honourable Member means that we are entitled to pay bounties up to the limit of the total amount of revenue we derive from our protective duties on iron and steel, it means we shall have something like 2½ to 3 crores to play with.

Mr. Jamnadas M. Mehta: I have already stated it will not exceed 25 lakhs. Let the Honourable Member contradict that from the figures and not make a general statement.

The Honourable Sir Charles Innes: I am more concerned with what the Honourable Member has said in his amendment than what he said in his speech. In his amendment he says:

“Provided however that the total amount of bounties payable under this section shall not exceed the amount recovered from the protective duties.”

Mr. Jamnadas M. Mehta: I maintain that.

Mr. A. Rangaswami Iyengar: That does not mean what you say.

Mr. Jamnadas M. Mehta: It is going to be 25 lakhs and nothing more.

Mr. A. Rangaswami Iyengar: It puts a maximum limit.

The Honourable Sir Charles Innes: I do not say that we shall be giving away all this amount on bounties. I am coming to that point later. We have therefore arrived at the same point as we were at before, that is to say, as Tatas will make more and more steel, they will get more and more money from us in the way of bounties, which is, I say, an absurd position. I do not know if the Honourable Member means by protective duties the excess we get from protective duties over and above what we shall have got from the ordinary revenue itself.

Mr. Jamnadas M. Mehta: I have deducted that.

The Honourable Sir Charles Innes: Is that what the Honourable Member means? That means a very difficult calculation. I will read what the Tariff Board say in paragraph 95 of their Report:

"The production of the Indian steel industry is constantly increasing, and even if no additional steel works were established in India, we could not feel reasonably certain that the revenue derived from the protective duties would be sufficient to cover the bounties required. We think it necessary to explain that the revenue derived from the duties levied on protected steel cannot be regarded as wholly obtained by the introduction of the protective system and therefore available for the payment of bounties. The revenue duty, which would in any case be imposed, has first to be deducted, while allowance has also to be made for the additional revenue which would be received, if the import of foreign steel were not restricted by the increase in duty consequent on the adoption of a policy of protection."

Now, Sir, I know from experience that it is extremely difficult to calculate the amount of excess revenue we get from these customs.

Mr. Jamnadas M. Mehta: I say it is 65 lakhs on your Tariff Board figures.

The Honourable Sir Charles Innes: The effect will be this. You would have a large audit staff counting every piece of steel made by the Iron and Steel Company on which bounties will be payable during the year. But during the year you could not pay any bounties for you would not know whether excess revenue was available until the end of the year. Then you would have to make a complicated calculation to find out whether or not the money was available. Now, these are obvious difficulties in the scheme which Mr. Jamnadas Mehta has put forward. The real fact of the matter is that we come to the position we took up in the Select Committee and I defy anybody to contradict me that it is a very difficult business to make out a scheme of bounties and duties. I say it is impossible for us to sit down now to attempt to grant Mr. Jamnadas Mehta's proposal upon the Tariff Board's scheme. I say that if this Bill were referred back to the Select Committee, I think it would be absurd for the Select Committee composed of 15 amateurs to attempt to sit round a table and devise a scheme of that kind. We should have to refer the matter back to the Tariff Board and ask them: "Do you or do you not recommend bounties in view of what has been said or do you recommend a scheme combining duties and bounties. If so put up a scheme". I am perfectly sure what the reply would be. They would send us back a long list of objections to this proposal and the difficulties in the way of this proposal. And there would be the further difficulty that if the Tariff

Board against its own convictions did carry out the instructions and did give us a Bill embodying that scheme, it would be a Bill without conviction behind it, it would have no authority behind it, and it would be very difficult for the Government, which alone could bring in a Bill of that kind, to accept the proposals.

Now, Sir, I do want the House to realize the seriousness of this motion which has been placed before it. It is proposed at this stage to refer the Bill back to the Select Committee merely, as far as I can see, because Mr. Jamnadas Mehta was not able to attend the other Select Committee.

Mr. Jamnadas M. Mehta: That is not the reason.

The Honourable Sir Charles Innes: None of the Honourable Members who have spoken in favour of the motion have told us that they themselves believe in the bounty scheme. The seriousness of the position is this, that if you send back the Bill to the Select Committee now, it is very doubtful when the Select Committee will be able to send in its report. Even if they could do so by the end of this week, what will happen? Next week there is the Railway Budget; the week after that we come to the General Budget and the Finance Bill and then the Ratio Bill. We have here, as this debate has shown, a very difficult and a very controversial Bill and there is a very serious risk that if this Bill goes back to the Select Committee now this House will not be able to pass any Bill at all this Session. I have already told the House that on the 31st March next the existing Steel Act will lapse, and if that Steel Act is allowed to lapse the Indian steel industry will be left without any protection at all, and the whole of our tariff moreover will be left in a state of confusion. Now, Sir, I do think that in a matter of this kind there should be a certain amount of give and take between the House and the Government. I would wish the House to remember that this protection policy can only get along provided that the Government and the House are in agreement. It would be a matter of the greatest misfortune if this Bill were now sent back to the Select Committee, for I must warn the House with all the seriousness at my command that if the Bill is sent back to the Select Committee it is quite possible that we shall have no Bill at all by the 31st March next and that the steel industry will be left without protection. We have definitely committed ourselves to the policy of protecting this steel industry and I say that the House has no reason to complain against the Government or against me that we have not done our very best to make that policy effective. I do hope the House will think most carefully before it adopts a proposal which in my view gravely imperils the future of the industry. (Applause)

Mr. T. Gavin Jones (United Provinces: European): Sir, I was very glad to hear the Honourable Member for Commerce bring us back to the real subject of the amendment, and that is as to whether this Bill is to be referred again to a Select Committee. I fail to see what we are going to gain by doing so. In the Select Committee, as the Honourable Member for Commerce has warned us, it may be delayed and we would get no further. It would come back to this House and there would be further objections and Honourable Members may want to appoint another Select Committee. We cannot continually go on appointing Select Committees to consider a highly technical subject like this. The Tariff Board, who are specialists in the matter, have dealt very carefully with it, and after sending it to a Select Committee chosen by this House I think we must accept that Select Committee's decision on these technical matters. I can assure Honourable Members as an engineer of 20 years' experience that the proposals put forward by the Tariff Committee are sound. I am not going into the details of the technicalities now. They have been very fully dealt with on both sides of the House. What I feel is really at the back of this amendment is that Honourable Members sitting opposite the Government are afraid that Imperial Preference is being brought in in this measure. As I gauge the feeling of Honourable Members opposite the Government it is that they feel that the Government is an all-powerful Government dominated by British Members who favour British interests as against Indian. I am not going to defend the Government; they are quite

capable of looking after themselves; but that suspicion is also to some extent extended to this group here. I do not think that that is quite fair. We are an independent group and although we are British, we have been many years in this country, our economic interests are in the country and in economic questions of this kind we would undoubtedly vote for the interests of India first. Our hearts are in India, our money is in India, and our greatest interest is to see India prosperous and happy.

Now, Sir, as to the question of Imperial Preference this group has not yet considered the matter because it has not yet arisen. If we thought it had arisen in this Bill we would have considered it, and I am not sure that if the question of Imperial Preference came up as a policy for India that this group would not be divided on the subject. Personally I frankly believe in Imperial Preference, because I believe in the British Empire, and I believe in strengthening the bonds of the British Empire. Every Dominion has declared for Imperial Preference and they are just as jealous of their own interests as we are of ours. But I would, and this group would, strongly object to the question of Imperial Preference being brought in in any way at all if it was detrimental to the interests of India. We would oppose it all we could. Moreover I for one, and I believe the rest of the group, would also strongly oppose Imperial Preference being brought in unless it was brought in with the will of the people and with the consent of Honourable Members on the other side of the House. That I believe, Sir, is the whole reason at the back of this amendment. I have heard nothing sound against the economic proposals of the Tariff Board and of the Select Committee. There is no real competition between British standard steel and Continental steel, and if there is no competition the question of preference really does not arise. It is unfortunate that the economic circumstances have made it so that this can only be specified as British standard and that is the best way to frame the Bill. I admire the courage of the Tariff Board for taking that course, because they must have realized that if they framed it in that form it would rouse political opposition in this House. But I would assure Honourable Members opposite that we will be and are defending their and our interests, and I hope Honourable Members will not vote for this amendment.

Mr. M. K. Acharya (South Arcot *cum* Chingleput: Non-Muhammadan Rural). Sir, I am glad that there has been one non-official at least to speak on behalf of the Commerce Member. Of course it is very natural that one gallant knight should stand up for another when the latter is attacked. That is very chivalrous. But, Sir, the whole question seems to be this: whether this Bill should go back to the Select Committee or not, and I could not understand all the fervour and the heat with which the Honourable Sir Charles Innes tried to criticise Mr. Jamnadas Mehta's alternative schemes, because I do not think that in this motion any scheme of Mr. Jamnadas Mehta's is before the House at all. The motion before the House is that this Bill should go back to the Select Committee. The obvious reason is—the last speaker is not here, though he indulged in a great deal of tall talk—that there are so many dissenting signatures; and it is curious that of a Select Committee of fifteen as many as seven have differed from the majority. That one bare fact, Sir—supposing that the Bill was fairly and fully discussed in the Select Committee—that one fact, that almost one-half of the Select Committee were unable to agree with the other half, should be a very adequate reason for sending back this Bill to the Select Committee and for asking the Select

[Mr. M. K. Acharya.]

Committee to come to some conclusion—whether in favour of this scheme or that scheme—acceptable to a real majority. I am wondering how it is that people talk of this as being a majority report. There were 16 Members—8 Members were on one side, 8 or rather 7 of the signatories were against the Tariff Board's recommendation, for one had to be absent who was also against it. Although technically, therefore, this might be a majority report, there is this anomaly that the so-called majority report is not a majority report as a matter of fact. We have a right to demand that a clear majority report should be placed before us. The very fact that so many were unable to agree with the majority, namely, as many as seven, is ample proof that the question is not so simple as the last speaker tried to make out. I do not propose, and I do not think it right at this stage, to reply to the very very passionate criticisms Sir Charles Innes levelled against the system of bounties. I do not profess to speak with any professional authority. I have not got a huge Department behind me to post me up in all the statistics; but all that I as a layman can say is that the system of bounties has been in vogue for two years, and on the admission of the Honourable the Commerce Member it has during the time worked fairly well. I am prepared to admit, everybody in this House is prepared to admit, that any scheme however wisely adumbrated must have its faults; that this scheme of bounties *plus* duties must have its share of faults; nobody denies that. But I repeat that this is not the occasion when we need go into the point, and find out which scheme exactly is the best scheme. The only motion before the House now is that the majority report placed before the House by the Select Committee is not such a majority report as could commend itself to the House, and that therefore a more substantial majority report is required from the Select Committee. I think Sir, that this one argument alone should lead this House to send back this Bill to the Select Committee. However, there are one or two things to which I must at this stage draw attention. The last speaker, particularly, spoke about his inclination in favour of Imperial Preference. But I take it, although personally he might believe in Imperial Preference, he would not be for it if it were to the detriment of India's interests. That indeed is the whole simple question. Here by the Tariff Board's proposals and by the proposals in the majority report, here is an attempt to tax unfairly heavily a very large percentage of steel imported into India; that large percentage is what may be called Continental imports of steel, or rather, imports of Continental steel. I have received heaps of telegrams and letters complaining that a large percentage of such trade is going to be very adversely affected. I have also looked into some figures. Of late years the British imports of steel into India have declined. The reports on this point are amply clear. To any one who takes the trouble to read the figures and statistics given in the appendices to the Report of the Tariff Board, it is perfectly clear that British imports of iron and steel into this country have been declining during the past few years. I have got a lot of figures here, and I will give one or two. In the case of angles and tees, the British imports into India, far from occupying the position of being the largest imports, I say come up only to about one-third; two-thirds of the imports are continental. In the case of bars it appears that only one-ninth is British and all the vast bulk is Continental; in the case of structural beams, two-fifths, nay less than one-third, is British, and the rest is Continental. On these figures I contend that a very large

percentage of the imported steel and iron in India is Continental product; and there is no denying that under this Bill Continental importers are heavily penalized: Rs. 11 in some cases, in other cases Rs. 15 and in some cases as much as Rs. 25 per ton of extra duty is sought to be put upon Continental imports. The whole question is whether the importers of Continental steel deserve to be penalized to that extent, whether they deserve to be handicapped to that heavy extent. Why, under the guise of giving protection to this Indian Industry of Tatas—why should you prejudice so very adversely the importers of Continental steel? I think Sir Charles Innes has not answered that question. If this goes back to the Select Committee, the various schemes will again be considered at length by them. The whole question, I repeat, is whether this Bill as reported by the so-called majority is a Bill which has been reported by a virtual majority,—and if it is not, whether such a Bill should be considered at this stage by the House, or whether the Bill should not come before the House with a larger majority from the Select Committee. That seems to be the whole question. On the merits I repeat there is no denying that the importers of Continental steel are very adversely affected; I have received heaps of telegrams from Karachi, Cawnpore, Bombay, Calcutta, Madras, from importers of Continental steel protesting against the very great handicap that is sought to be imposed upon them. Is this House going, under the guise of protection to Tatas, to adversely affect so many of the traders in various parts of India who really are not concerned in the protection to Tatas? That is the whole question before the House. And if, as I think, it is clear that under this Bill Continental steel importers are going to be very adversely affected, if this Bill is not before the House with a respectable majority behind it of the Select Committee, but with only 8 against 7—if all this is true, this House has a right to insist for its own self-respect that the Bill should go back to the Select Committee and should come back with the support of a truly large majority. Lastly, there is one serious point. Sir Charles Innes held out to us the threat: “either now or not at all”! That is what he said. If we do not pass this Bill to-day or to-morrow, he may not find time before the 31st March; and therefore the whole scheme of bounties or protective duties will collapse. Sir, the responsibility for this would lie on the Government, not on us. Sir, we are prepared on our part to sir, if necessary, even on Saturdays and Sundays; we are quite prepared to do what we consider to be our duty on this matter, and we expect the Commerce Member to do his. I hope every Honourable Member of this House, therefore, will resent his threat; and I commend the motion for sending the Bill back to the Select Committee to the consideration of the House.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 15th February, 1927

LEGISLATIVE ASSEMBLY.

Tuesday, 15th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at 11.15 of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS

TRAINING OF INDIAN BOYS FOR THE ROYAL INDIAN NAVY.

398 ***Dr. B. S. Moonje:** In view of the announcement made by H. E. the Viceroy in his address to the Members of the Legislative Assembly on the 24th January, 1927, that considerable progress has been made in the matter of reconstituting the Royal Indian Marine as a combatant force, for enabling India to enter upon the first stage of Naval development and ultimately to undertake her own naval defence, will Government be pleased to state:

- (a) what arrangement if any has been made for imparting education to Indian boys in the art and science of naval warfare;
- (b) when it is likely that the actual work of imparting such education will commence; and
- (c) whether the entire combatant force including its officers will be recruited in India and if not what will be the proportion of Indians both in the rank and file and also as officer?

Mr. G. M. Young: (a) and (b) The arrangements for training Indian boys for the Royal Indian Navy will be generally on the lines recommended in paragraphs 8, 10 and 11 of the report of the Departmental Committee on the re-organization of the Royal Indian Marine. A copy of the report is in the Library. Some of the details are still under consideration, but the training of boys as deck and engine room ratings has already been started on the Depot Ship established at Bombay, in advance of the inauguration of the Royal Indian Navy.

(c) One-third of the commissioned ranks will be reserved in the first instance for Indians provided that qualified candidates are forthcoming. The intention is that all the lower ranks will eventually consist of Indians. At present there are a few European warrant officers and these will be allowed to serve out their time.

***Mr. M. Ruthnaswamy:** May I ask what arrangements have been made to advertise the inauguration of this ship which may make it possible for people to take advantage of the training offered?

Mr. G. M. Young: I do not know what ship the Honourable Member refers to.

Mr. M. Ruthnaswamy: Training ship.

The Honourable Sir Charles Innes: If the Honourable Member refers to the "Dufferin" which we are equipping as a training ship for the Indian Mercantile Marine, as soon as our efforts have got a little further, we shall take steps in that direction.

Mr. Chaman Lal: Can the Honourable Member let us know why a proportion of one-third only has been fixed for Indians?

Mr. G. M. Young: A proportion of one-third was probably fixed as being likely to cover the maximum number of candidates available. As soon as more candidates come forward the proportion may have to be raised.

Mr. Chaman Lal: Do I take it that when more candidates come forward the proportion will be cent. per cent.?

Mr. G. M. Young: That will have to be settled when the time comes. The opinion of the Government of India, as of the Departmental Committee, is that the reservation of one-third of the posts would be ample at present.

Mr. Chaman Lal: Did the Departmental Committee consist only of officials, or did it include any non-officials?

Mr. G. M. Young: The Departmental Committee was a departmental committee consisting of departmental officials.

TRAINING OF INDIAN BOYS IN ALL BRANCHES OF CIVIL AND MILITARY AVIATION.

399. ***Dr. B. S. Moonje:** (a) In view of the fact as announced by H. E. the Viceroy in his address to the Members of the Legislative Assembly on the 24th January, 1927, that "this development of aviation marks the introduction into the country of a new form of civil transport", will Government be pleased to state if Government is contemplating to make adequate arrangements for imparting education to Indian boys in all the branches of civil and military aviation, so as to enable India to take her due share in the matter both of civil air transport as well as in the defence of India in aerial warfare?

(b) If so, when is it likely that schools for teaching aviation to Indian boys will be started in India?

The Honourable Sir Bhupendra Nath Mitra: Government do not consider that aviation of any kind is a subject which can suitably be taught to boys in schools, and do not, therefore, contemplate starting such schools. They hope, however, in the near future, to be in a position to call for tenders for the operation of an aerial service in India, and it is their intention that one of the conditions of the contract shall be that the operating company shall undertake to afford training and opportunities for employment to Indians in all branches of its work.

Pandit Hriday Nath Kunzru: May I ask whether Government will consider the starting of aviation clubs to make the knowledge of aviation popular?

The Honourable Sir Bhupendra Nath Mitra: I did not quite catch what the Honourable Member said.

Mr. President: Will the Honourable Member repeat the question?

Pandit Hirday Nath Kuneru: I ask whether Government, in order to make the knowledge of aviation popular, would consider the advisability of helping in the starting of aviation clubs?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will kindly let me have notice of that question, I shall try to reply to it.

TOTAL EXPENDITURE ON GOVERNMENT BUILDINGS IN NEW DELHI.

400. ***Mr. C. Duraiswamy Aiyangar:** (a) Will Government be pleased to state the total expenditure incurred till now on the Government buildings in New Delhi?

(b) Will Government be pleased to state how much of the money has gone to Indians and how much has gone out of India to other countries?

The Honourable Sir Bhupendra Nath Mitra: (a) The total expenditure incurred up to date in connection with the New Capital Project as a whole is approximately Rs. 12,55,00,000 (Rupees twelve crores and fifty-five lakhs).

(b) The Government have no information on the subject.

Sir Hari Singh Gour: May I beg to enquire whether this amount completes the programme for the construction of the Imperial Capital, and, if not, how much more money is required to complete it?

The Honourable Sir Bhupendra Nath Mitra: I am sorry, Sir, I have not got the figure in my head, but I know that this is not the total expenditure to complete the New Capital. It is the total expenditure up to date. If the Honourable Member will kindly let me have notice of the question, I shall be able to give him the amount which will still have to be spent in order to complete the New Capital.

Sir Hari Singh Gour: May I enquire if it is not a fact that the Imperial Capital, so far as house accommodation is concerned, has been under-built by 30 per cent?

The Honourable Sir Bhupendra Nath Mitra: That is perfectly true, Sir.

Sir Hari Singh Gour: Is it a fact that when the New Capital was designed in 1911, Lord Hardinge in his despatch to the Secretary of State said that the total expenditure on the Imperial Capital would not exceed £4 millions?

The Honourable Sir Bhupendra Nath Mitra: I believe that is also a fact.

Sir Hari Singh Gour: What then is the reason for trebling the amount which was originally estimated as the cost of the Imperial Capital?

The Honourable Sir Bhupendra Nath Mitra: One of the main reasons, Sir, is the large increase in prices generally.

Sir Hari Singh Gour: What percentage, Sir, does the increase in prices represent?

The Honourable Sir Bhupendra Nath Mitra: I shall be obliged if the Honourable Member will let me have notice of that question. It is impossible for me to give him information of that sort without due notice.

***Mr. C. Duraiswamy Aiyangar:** May I know from the Honourable Member what he means by saying that the Government has no information under question (b)?

The Honourable Sir Bhupendra Nath Mitra: It means that Government have not got the information.

Mr. C. Duraiswamy Aiyangar: Does it mean that all these things are carried on without the knowledge of the Government?

The Honourable Sir Bhupendra Nath Mitra: No, Sir. The Honourable Member asked how much of the money has gone to Indians and how much has gone out of India to other countries. It is obviously impossible for Government after they have paid the money to pursue what has happened to the money, whether it has remained in the country or it has gone out of the country.

Mr. C. Duraiswamy Aiyangar: May I know from the Honourable Member whether he is not in possession of the information as to how many Indians were employed in all these works and how many non-Indians were employed and thereby whether he cannot calculate the amount?

The Honourable Sir Bhupendra Nath Mitra: That, Sir, is quite a different question altogether. If the Honourable Member will let me have notice of that question, that is, how many Indians were employed on these works and how many Europeans, I shall try my best to give him that information.

Mr. C. Duraiswamy Aiyangar: May I know if the Honourable Member further requires me to ask how much of the materials used was purchased in India and how much was purchased outside?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member wants to know how much of the capital expenditure has been spent out of India, which again is different from the question he asked, I shall be able to supply him with that information.

Mr. C. Duraiswamy Aiyangar: May I take it, then, that the Honourable Member did not understand my question to mean all that?

The Honourable Sir Bhupendra Nath Mitra: Sir, I read the question as it stood.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether the Government will be in a position to give us the number of lakhs of rupees that have been paid to the architects and advisers in respect of the construction of New Delhi.

Mr. President: The Honourable Member must put that question down on paper.

PROHIBITION OF THE SLAUGHTER OF CATTLE FOR THE BURMA MEAT TRADE

401. ***Mr. Mukhtar Singh:** Will Government be pleased to state whether any of the Provincial Councils have expressed their views as to the prohibition of slaughtering cattle for the purposes of the Burma meat trade? Do Government propose to place on the table the copy of the Resolutions passed by the Provincial Councils together with the information of steps taken by the Local Governments and the Imperial Government?

Mr. J. W. Shore: The Government have no information beyond what may be contained in the published debates of the local Legislative Councils to which the attention of the Honourable Member is invited. So far as the Government of India are concerned no steps have been taken to prohibit slaughter for the purposes of the Burma meat trade.

ANALYSIS OF VEGETABLE GHEE.

402. ***Mr. Mukhtar Singh:** Will Government be pleased to state if any analysis of the articles known as substituted ghee or vegetable ghee or the like has been made? If the answer be in the affirmative, will the Government be pleased to place on the table the results of the analysis made giving the food value of the different articles so analysed?

Mr. J. W. Bhore: The results of the chemical analysis of artificial ghee so far as available to Government are being placed in the Library of the House.

EFFECT OF THE USE OF VEGETABLE GHEE ON THE HUMAN SYSTEM.

403. ***Mr. Mukhtar Singh:** Will Government be pleased to state if any investigation has been made as to the effect of the use of substituted ghee on the human body? If so, with what results? If not, do Government propose to make an investigation now and publish the results of the investigation for the information of the general public?

Mr. J. W. Bhore: A general enquiry into the nutritive value of food-stuffs is now being made under the direction of the Indian Research Fund Association. It is believed that artificial ghee has not been specially tested, but Government will draw the attention of the Association to this matter if the Honourable Member so desires.

SUPPLY OF VEGETABLE GHEE TO TROOPS.

404. ***Mr. Mukhtar Singh:** Will Government be pleased to state if vegetable ghee or substituted ghee is purchased for the supply of rations to the military units? If the reply be in the affirmative will Government be pleased to state the names of the places where it is so supplied?

Mr. G. M. Young: The answer to the first part of the question is in the negative. The second part does not arise.

ENGINEERING CONTRACTS ON THE GREAT INDIAN PENINSULA RAILWAY.

405. ***Mr. Chaman Lal:** Will Government be pleased to state:

- (a) how many engineering contracts on the Great Indian Peninsula Railway in connection with improvements sanctioned have been recently given out without tenders being called for?
- (b) whether the Agent, Great Indian Peninsula Railway, has any explanation to offer?
- (c) whether Government have called for reasons for this method of disposing of large contracts?

Mr. A. A. L. Parsons: Government have no information. They have no reason to believe that in placing contracts the Agent of the Great Indian Peninsula Railway in any way fails to adopt whatever course is financially most advantageous.

Mr. Chaman Lal: May I ask the Honourable Member to try and obtain the information for the benefit of Members of this House?

The Honourable Sir Charles Innes: If the Honourable Member will bring to notice any specific instances in which he thinks he has reason to complain, I will certainly have the matter enquired into.

PURCHASE BY THE GOVERNMENT OF INDIA ABOUT THE TIME OF THE ARMISTICE OF AMERICAN WAGONS DESTINED FOR RUSSIA.

406. ***Mr. Chaman Lal:** Will Government be pleased to state:

- (a) How many American wagons destined for Russia were purchased by them about the time of the Armistice?
- (b) Whether the firm to whom the task of altering these wagons was entrusted, was an English firm in India?
- (c) Whether the original estimate of alteration was between six and eight hundred rupees and whether it was not exceeded by twice or three times the amount?
- (d) What were the actual figures of the original and the final estimates?
- (e) Is it true that this firm was given an advance of one crore of rupees without any deliveries having been made?
- (f) Is it true that the cost of alterations in India came to actually more than the cost of wagons? If not, how does it compare with the cost?
- (g) In which Railway Administration Report and at which place are facts about this mentioned?

Mr. A. A. L. Parsons: (a) Five thousand wagons manufactured in America were ordered by the Secretary of State in 1918 before the Armistice.

(b) Their erection including certain alterations necessary to fit them for the traffic for which they were required was entrusted to Messrs. Burn and Co., Ltd., Howrah.

(c), (d) and (e). The information is not readily available, but is being obtained, and when obtained will be placed on the table.

(f) No. The cost of alterations and erection of the wagons was about one-third of the purchase price. Exact figures are not available.

(g) A reference will be found at page 28 of the Administration Report on the Railways in India for the year 1919-20. The Honourable Member is also referred to the replies given in the Assembly to Mr. Neogy's questions, bearing serial Nos. 60 and 61, on the 5th September 1921.

Mr. Chaman Lal: May I ask the Honourable Member if any enquiry was made by the Audit Department or any other Department in this connection?

A. A. L. Parsons: I am afraid I do not remember.

Mr. Chaman Lal: Will the Honourable Member obtain the necessary information?

Mr. A. A. L. Parsons: I will enquire and let the Honourable Member know.

UNSERVICEABLE UNDERFRAMES ON THE NORTH WESTERN RAILWAY.

407. ***Mr. Chaman Lall:** Will Government be pleased to state:

- (a) how many underframes on the North Western Railway were, during the last three years, found unserviceable and had to be altered or rejected?
- (b) what was the total cost of these underframes?
- (c) at which place in the Railway Administration Report covering this period is the loss and inconvenience arising out of this mentioned?

Mr. A. A. L. Parsons: (a) During the last three years no underframes were found unserviceable and none were either altered or rejected. The Honourable Member is possibly referring to the bogie trucks of 887 Indian Railway Conference Association design carriages and 136 wagons which were found to be weak in design.

(b) The total new cost of the underframes and bogies complete for the 887 coaching vehicles was Rs 45,26,083 and Rs 10,31,926 for the complete bogie goods wagons. Goods wagons are purchased complete and the separate cost of the underframe is not available.

(c) Items such as the above are not usually included in the Administration Report.

Mr. Chaman Lall: May I ask the Honourable Member whether any of these were condemned by the Consulting Engineers?

Mr. A. A. L. Parsons: I do not know, Sir.

Mr. Chaman Lall: Will the Honourable Member find out and let me know?

Mr. A. A. L. Parsons: Certainly.

Mr. Chaman Lall: May I also ask the Honourable Member whether these designs were made without consulting the Consulting Engineers?

Mr. A. A. L. Parsons: I will find out and let the Honourable Member know.

PAYMENTS MADE TO CONSULTING ENGINEERS FOR STATE RAILWAYS IN RESPECT OF FEES, INSPECTION CHARGES, ETC.

408. ***Mr. Chaman Lall:** Will Government be pleased to state:

- (a) the total amount of money paid to the Consulting Engineers for State Railways in respect of professional fees, inspection charges, etc., since the year 1919?
- (b) whether it is true that the Consulting Engineers resent and have on some occasions advised Government against purchases being made in India through the Indian Stores Department?
- (c) whether it is true that they also resented the activities of the Indian Railway Conference Association?

The Honourable Sir Bhupendra Nath Mitra: (a) The payments made for 5 years from 1919-20 to 1923-24 amount to £100,311. This figure covers also the cost of all services rendered by the Consulting Engineers on behalf of the Central and Provincial Governments. The figures for the years 1924-25 and 1925-26 are not yet available.

(b) and (c). The answer is in the negative.

PURCHASE OF COAL FOR RAILWAYS.

409. ***Mr. Chaman Lal:** Will Government be pleased to state:

- (a) their method of coal purchase for Indian Railways?
- (b) whether the contract for purchase is fixed every year?
- (c) whether there are any intermediate purchases?
- (d) who settles them?
- (e) whether it is true that the bulk of the purchases have been made from mines controlled by English firms?
- (f) what precautions have Government taken with regard to the further prevention of scandals of the kind which happened in connection with the activities of Mr. Church, the late Mining Engineer?

Mr. A. A. L. Parsons: (a) Coal is purchased by calling for public tenders.

(b) Yes.

(c) No.

(d) In the case of State Railways, the purchase is settled by the Railway Board in consultation with their Chief Mining Engineer and the Chief Operating Superintendents.

In the case of Company Railways purchase is made by the Railways themselves in consultation with the Chief Mining Engineers, Railway Board, and the Locomotive Superintendents.

(e) No.

(f) The purchase of coal required by the State Railways is now made by calling for public tenders which are considered by the Railway Board, the various Locomotive Superintendents and the Chief Mining Engineer in consultation.

DELIVERY OF COAL PURCHASED FOR STATE RAILWAYS.

410. ***Mr. Chaman Lal:** 1. Will Government be pleased to state what is the method of taking delivery of coal purchased for Indian State Railways?

2. Who certifies the weighments?

3. Through which office are payments for coal made?

4. Whether payments are made long after deliveries are taken?

Mr. A. A. L. Parsons: 1. The coal is taken delivery of in full wagon loads

2. The Railway on which the traffic originates.

3. Payments are made by the Chief Auditor of the Railway to which the coal is supplied.

4. No.

REMARKS OF THE RAVEN COMMITTEE REGARDING LOCOMOTIVE BOILERS AND ROLLING STOCK.

411. ***Mr. Chaman Lal:** Will Government be pleased to state whether the following remark from the Raven Committee's Report applies to locomotives or wagons or both?

"This has led in many cases to repairs being carried out at a stage when it would have been more economical to scrap and renew."

Mr. A. A. L. Parsons: The remark referred to applies particularly to locomotive boilers and in a lesser degree to all rolling stock.

SCRAPPING OF LOCOMOTIVES AND WAGONS IN USE ON RAILWAYS.

412 ***Mr. Chaman Lal:** Will Government be pleased to state the number of locomotives and wagons, whose estimated working life is run out during the last five years, which have not yet been scrapped?

Mr. A. A. L. Parsons: I am afraid the information asked for by the Honourable Member is not procurable.

ANNUAL COST OF REPAIRS TO RAILWAY WAGONS

413 ***Mr. Chaman Lal:** (a) Will Government be pleased to state the average annual cost of repair and the number of wagons which go in a year into the workshops?

(b) If the repairs are classified as light and heavy, can these figures be stated exactly?

(c) Has the cost of repair gone up since the war?

(d) What is the total amount of money which is being spent on wagons for repairs on an average on the basis of the last eight years' estimates?

Mr. A. A. L. Parsons: (a) The average cost of workshop repairs for the six months ending December, 1926, is about Rs. 170 per wagon and the number of wagons which go into the workshops of all the principal Railways during a year according to statistics available is roughly 100,000.

(b) Wagon repairs are not classified as light and heavy.

(c) Yes, owing to the rise in the cost of labour and materials, though the exact amount cannot be stated

(d) The information is not readily available, but if the Honourable Member will refer to Volume II of the Indian Railways Administration Reports, he will no doubt be able to obtain the information he requires.

REDUCTION OF THE PURCHASES FOR RAILWAYS MADE BY THE DIRECTOR GENERAL OF STORES IN LONDON.

414. ***Mr. Chaman Lal:** (a) Will Government be pleased to state whether indents by the purchasing officers of railways, which go to the High Commissioner, London, are being scrutinised in this country by any one with a view to see whether the material could be supplied here?

(b) If they are scrutinised, what action is taken on the report of such scrutiny?

(c) Do Government propose to strengthen this scrutiny and the action thereon so as to bring down the figure of purchases by the Director General of Stores in London?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes; by the Chief Controller of Stores, Indian Stores Department.

(b) If, as a result of the scrutiny, the Chief Controller is of opinion that any item included in the indent could, under the Stores Rules, be purchased in India, he communicates his remarks and recommendations to the indenting officer, who is required to report the action he is taking in this matter within 14 days. The Chief Controller's remarks on State Railways' indents and the replies of the indenting officers are discussed by the Chief Controller with the Railway Board at a meeting held once every month, and if it is found that any further action is necessary the Railway Board takes the matter up with the Railway Administration concerned.

(c) The scrutiny as now carried out is considered adequate to ensure that stores required by the State Railways are obtained in accordance with the Stores Rules and it is not proposed to alter the arrangement at present.

Mr. Chaman Lall: May I ask, when the Stores Department raise any objection to the indents being placed outside India, whether any action is taken thereon?

The Honourable Sir Bhupendra Nath Mitra: I think I have already replied to that question. I have said that the matter is submitted to the Chief Controller, who discusses it with the Railway Board.

Mr. Chaman Lall: Will the Honourable Member let me know whether there have been any instances in which the recommendation of the Stores Department has been carried out in this behalf?

The Honourable Sir Bhupendra Nath Mitra: I am pretty sure that there are a number of instances.

Mr. Chaman Lall: Will the Honourable Member try and obtain information and give it to us as to the number of instances in which recommendations have not been given effect to?

The Honourable Sir Bhupendra Nath Mitra: I shall supply the information to the Honourable Member.

QUALIFICATIONS OF MR. GOLDER, MANAGER OF THE CENTRAL PUBLICATION BRANCH.

415 **Mr. Chaman Lall:** Will Government be pleased to state what is the previous experience of Mr. Golder, the head of the Central Publication Branch?

The Honourable Sir Bhupendra Nath Mitra: I understand that after serving 7 years' apprenticeship as a printer Mr. Golder worked for 4 years in St. Dunstan's Press, London, and for a similar period in His Majesty's Stationery Office, London; he is a medalist in costing; he also worked for about 2 years with Messrs. Thacker Spink and Co., Calcutta. Immediately prior to his appointment as Manager of the Central Publication Branch in 1924 he was employed temporarily as a Deputy Superintendent in the Bengal Secretariat Press.

Mr. A. Rangaswami Iyengar: May I know what is the age of this particular gentleman? His present age?

Mr. Chaman Lall: Is it a fact that his present age is 83?

The Honourable Sir Bhupendra Nath Mitra: It is quite possible.

Mr. Chaman Lall: Then he must have started work at the age of 14?

The Honourable Sir Bhupendra Nath Mitra: That is also quite possible, Sir.

Mr. Chaman Lall: What kind of a job did he have when he did start working at the age of 14?

The Honourable Sir Bhupendra Nath Mitra: I did not catch the Honourable Member's question

Mr. Chaman Lall: May I ask what particular job he held at the age of 14?

The Honourable Sir Bhupendra Nath Mitra: He started as an apprentice.

Mr. Chaman Lall: What other qualifications has he for holding this very important job?

The Honourable Sir Bhupendra Nath Mitra: I have given all his qualifications, Sir.

Mr. Chaman Lall: Are you satisfied that those qualifications fit him for the job he holds?

The Honourable Sir Bhupendra Nath Mitra: The qualifications I have mentioned to the House are certainly excellent.

CONSTRUCTION OF NEW RAILWAY STATIONS ON STATE RAILWAYS.

416 ***Mr. Chaman Lall:** (a) Will Government be pleased to mention how many new railway stations are under construction, or have been completed since 1919-20 on State Railways?

(b) What is the total expenditure incurred for this purpose?

Mr. A. A. L. Parsons: (a) and (b). I regret the figures are not available and their compilation would entail considerable labour.

Mr. Chaman Lall: May I ask whether it is not a fact that large sums of money are being expended on the construction of new railway stations?

Mr. A. A. L. Parsons: Fairly large sums. We are building a number of new lines. *

Mr. Chaman Lall: Is the Honourable Member aware that it is not necessary to expend lakhs upon lakhs on the building of new railway stations?

Mr. A. A. L. Parsons: It is necessary to build new railway stations for every new line

Mr. Chaman Lall: Is it necessary to spend so much money upon them?

Mr. President: That is a matter of opinion.

EXPENDITURE ON THE ERECTION OF WORKSHOPS FOR STATE AND COMPANY-MANAGED RAILWAYS.

417. *Mr. Chaman Lall: (a) Will Government be pleased to state what is the amount of money sanctioned for the erection of various workshops on State and Company-managed Railways since 1919-20?

(b) Is it true that a workshop in Southern India is being erected on an unprecedented scale?

(c) How many new workshops are under construction on the North-Western Railway?

Mr. A. A. L. Parsons: (a) Government have not got the information and if asked for from administrations, its compilation would involve a considerable amount of labour and expenditure incommensurate with the value of the information obtained.

(b) New workshops for the maintenance and repair of broad and metre gauge rolling stock are being constructed at Trichinopoly on the South Indian Railway at an estimated cost of Rs. 3,26,86,966.

At Perambur on the Madras and Southern Mahratta Railway the existing Carriage and Wagon Shops are being remodelled and new Locomotive Shops are being built at an estimated cost of Rs. 2,80,16,200

(c) None, but it is proposed to construct new Locomotive and Carriage Repair Shops at Sukkur.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether that huge workshop at Trichinopoly has been constructed without accurate estimates and work commenced without proper contracts having been entered into?

Mr. A. A. L. Parsons: I must ask for notice. I have not seen the papers for some time.

Mr. Chaman Lall: Is it a fact that that workshop has a wall 20 feet high round it?

Mr. A. A. L. Parsons: At Trichinopoly? No, Sir.

Mr. Chaman Lall: Does the Honourable Member intend to run a metre gauge railway along the wall? (Laughter.)

NUMBER AND COST OF WAGONS PURCHASED IN INDIA AND ABROAD SINCE 1919-20.

418. *Mr. Chaman Lall: Will Government be pleased to state the number of wagons purchased in India and abroad respectively since 1919-20 and the price paid for them?

Mr. A. A. L. Parsons: The total number of wagons purchased in India by the State-worked Railways was 10,173 and the price paid for them (excluding the cost of wheels and axles) was Rs. 4,69,36,819. The number ordered by the State-worked Railways from abroad was 18,602.

The information relating to the price paid for the wagons ordered from abroad by the State-worked Railways and also information relating to numbers and prices of wagons ordered in India and abroad by the Company Railways is not readily available and if asked for from Administrations, its compilation would involve a considerable amount of labour and expenditure, incommensurate with the value of the information obtained.

Mr. Chaman Lall: Is it a fact that only one-tenth of the total number of wagons were ordered in India?

The Honourable Sir Charles Innes: The Honourable Member may not be aware that in the last two or three years we have placed orders with the Indian wagon firms to their utmost capacity.

NUMBER OF INDIANS, EUROPEANS AND ANGLO-INDIANS DRAWING SALARIES OF MORE THAN RS. 350 A MONTH ON STATE RAILWAYS.

419. ***Mr. Chaman Lall:** (a) Will Government be pleased to state the number of Indians serving under State Railways and receiving as a regular salary, exclusive of allowances, more than Rs. 350?

(b) Will Government be pleased to state the figure of Anglo-Indians and Europeans on the same scale?

Mr. A. A. L. Parsons: (a) and (b) The available statistics will be found in Appendix F to Volume I of the Report on Indian Railways for 1925-26, a copy of which is in the Library. We take Rs. 250 and not Rs. 350 as the pay limit for compiling these statistics and do not show Anglo-Indians separately from other classes of statutory Indians who are not Hindus or Muslims.

NAMES OF MEMBERS OF THE RAILWAY BOARD WHO HAVE RETIRED DURING THE LAST EIGHT YEARS.

420. ***Mr. Chaman Lall:** Will Government be pleased to state the names of the members of the Railway Board who have retired during the last eight years?

The Honourable Sir Charles Innes: (a) A list giving the names is being sent to the Honourable Member.

INDIANS IN THE TRAFFIC OR LOCO SERVICE DRAWING SALARIES OF MORE THAN RS. 1,000 A MONTH.

421. ***Mr. Chaman Lall:** Will Government be pleased to state how many Indians there are in the traffic or in the loco service getting more than Rs. 1,000?

The Honourable Sir Charles Innes: The information will be found in the Railway Board's Classified List of State Railway Establishment and Distribution Return of Establishment of all Railways, copies of which are in the Library.

NUMBER OF BILLS CERTIFIED BY THE GOVERNOR GENERAL DURING 1924-26, ETC.

422. ***Mr. Chaman Lall:** Will Government be pleased to state:

- (1) the number of Bills certified by the Governor General during 1924-26;
- (2) the time, after certification, taken in placing each such Bill before both Houses of Parliament;
- (3) the exact dates of certification in each case and the exact dates on which His Majesty's assent was obtained; and

- (4) whether any action was taken by the Government of India under such certified Bills; and if so the dates on which in each case action was first taken or operative effect given to such Bills?

Mr. L. Graham: 1. Two; the Indian Finance Act, 1924, and the Bengal Criminal Law Amendment (Supplementary) Act, 1925.

2. The Indian Finance Act, 1924, was presented to Parliament on the 19th May, 1924, two months after the certification of the Act. The date of presentation of the Bengal Criminal Law Amendment (Supplementary) Act, 1925, was not communicated to the Government of India, but presentation presumably took place after approximately the same interval from certification as in the case of the Finance Act, 1924.

3. Certification took place, in the case of the Indian Finance Act, 1924, on the 19th March, 1924, and in the case of the Bengal Criminal Law Amendment (Supplementary) Act, 1925, on the 24th March, 1925. As the Governor General made the direction referred to in the proviso to sub-section (2) of section 67-B in the case of both these Acts, the assent of His Majesty was not required.

4. The various sections of the Indian Finance Act, 1924, became operative on the date appointed in each section. The Bengal Criminal Law Amendment (Supplementary) Act, 1925, became operative on the date of the Governor General's direction under the proviso to sub-section (2) of section 67-B of the Government of India Act, namely, the 30th March, 1925.

Mr. A. Rangaswami Iyengar: May I know whether there has been any instance since 1920 of any Act which has not been brought into operation under the proviso, but awaited the assent of His Majesty the King?

Mr. L. Graham: It is a little hard to be asked that question without notice, but I think I can tell the Honourable Member. The Act dealing with disaffection in States (I think it was called the Princes Protection Act) received the assent of His Majesty in the ordinary course.

Mr. A. Rangaswami Iyengar: That was the only Act which awaited the assent of His Majesty?

Mr. L. Graham: There was only one other Act certified, that was a Finance Act which of course was urgent.

Mr. A. Rangaswami Iyengar: Will the Honourable Member give us an exact statement?

Mr. L. Graham: I suggest that does not arise out of this question.

THE WEEKLY PAYMENTS BILL.

423 ***Mr. Chaman Lall:** Will Government state what action they have taken in regard to the suggestions embodied in the Weekly Payments Bill which was withdrawn?

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member's attention is invited to the reply given yesterday to starred question No. 339, asked by Mr. N. M. Joshi.

Mr. Chaman Lall: With your permission, Sir, I will ask question No. 424 to-morrow as the Honourable Member is not here.

Mr. President: The Honourable Member in charge ought to be in the Chamber to answer questions concerning his Department. He has obtained my permission to be absent.

The Honourable Sir Alexander Muddiman: Such information has to be collected and will be laid on the table.

Mr. Ohaman Lall: May I ask the Honourable Member when he lays it on the table to repeat it on the floor of this House?

The Honourable Sir Alexander Muddiman: No, Sir. I will lay it on the table according to the usual custom of the House.

Mr. Ohaman Lall: May I ask what objection the Honourable Member will have to repeating it on the floor of the House?

The Honourable Sir Alexander Muddiman: I have no objection except that it is not in the course of the ordinary procedure and I should have to ask for permission to make a statement of that kind.

Mr. Ohaman Lall: May I ask whether the Government will not give us a verbal reply on the floor of this House considering the importance of the information?

The Honourable Sir Alexander Muddiman: The information will be laid on the table in this House and thus be even more available to Honourable Members.

Mr. Ohaman Lall: Is the Honourable Member aware that he robs us of the right of putting supplementary questions?

The Honourable Sir Alexander Muddiman: It does not appear to me to rob the Honourable Member of any right; he will put supplementary questions whatever the reply may be.

Mr. Ohaman Lall: My question is explicit and I have a right to a reply to that question. I have a right to ask supplementary questions. Will the Honourable Member give a reply on the floor of this House?

The Honourable Sir Alexander Muddiman: The Honourable Member has a right to ask supplementary questions and I have the right to reply to them. I will not be intimidated by the Honourable Member tapping the table.

Mr. Ohaman Lall: Will the Honourable Member give a reply on the floor of this House?

The Honourable Sir Alexander Muddiman: I have given a reply and I do not propose to add to it.

Mr. A. Rangaswami Iyengar: Will the Honourable Member let us know his reasons?

The Honourable Sir Alexander Muddiman: I have stated that I will lay the information on the table; I do not propose to make a statement at this stage. If the Honourable Member has any objection to that procedure, he has his remedy.

Mr. Ohaman Lall: May I ask what the remedy is?

The Honourable Sir Alexander Muddiman: The Honourable Member may consult the rules.

Mr. Ohaman Lall: Is the Honourable Member trying to evade the rules by not answering the question on the floor of this House?

The Honourable Sir Alexander Muddiman: That is not a question which ought to have been put to me; I ask your protection, Sir, on that.

SETTLEMENT OF OUTSTANDINGS WITH THE WAR OFFICE.

425. ***Mr. Chaman Lall:** Will Government state whether any settlement has been arrived at with the War Office in regard to our outstandings?

The Honourable Sir Basil Blackett: I regret that I am not yet in a position to make a statement on this subject.

Mr. Chaman Lall: Will the Honourable Member let us know how long it will be before he will make a statement?

The Honourable Sir Basil Blackett: I have nothing to add to my reply.

Mr. A. Rangaswami Iyengar: May I know when we may expect a statement?

The Honourable Sir Basil Blackett: I must ask the Honourable Member to accept my answer that I am not yet in a position to make a statement.

GRANT OF A CERTIFICATE TO DR. RAM KISHAN, PRIVATE MEDICAL PRACTITIONER OF PATTOKI, FOR SERVICES RENDERED BY HIM TO INJURED PASSENGERS DURING THE COLLISION AT HARPA.

426. ***Pandit Thakur Das Bhargava:** (a) Is it a fact that at the time of the Harpa collision on the North Western Railway many certificates were awarded to the persons who had rendered medical aid and other useful services to the wounded passengers?

(b) Is it a fact that Dr. Ram Kishan, S.A.S., private medical practitioner of Pattoki, District Lahore, had also rendered useful service to the needy?

(c) Is it a fact that the said Doctor had submitted an application to the Agent, North Western Railway, on the 30th March, 1925, under registered cover requesting him for the award of such a certificate?

(d) Is it a fact that the T. I. concerned after having made the necessary enquiries had verified his services and recommended him for a certificate?

(e) Is it a fact that many reminders have also been sent to the Agent by the said applicant to the same effect?

(f) If the reply to all the above questions is in the affirmative, will Government be pleased to state why he has not yet been granted the certificate applied for?

Mr. A. A. L. Parsons: Government have no information. They will, however, send the Honourable Member's question to the Agent, North Western Railway.

RELAYING OF RAILS ON THE REWARI-FAZILKA SECTION OF THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

427. ***Pandit Thakur Das Bhargava:** Will the Government be pleased to state if the relaying of rails on the Bombay, Baroda and Central India Railway (Rewari-Fazilka section) is over?

If not, by what time will it be over?

Mr. A. A. L. Parsons: The information has been called for from the Agent, Bombay, Baroda and Central India Railway, and will be supplied to the Honourable Member on receipt.

NORMAL SPEED OF TRAINS ON THE REWARI-FAZILKA SECTION OF THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

428. ***Pandit Thakur Das Bhargava:** (a) Will the Government be pleased to state the normal speed of trains running on the Rewari-Fazilka section of the Bombay, Baroda and Central India Railway?

(b) Was the speed ever more than at present on this section? If so, what was it and why was it reduced?

(c) Is it proposed to increase it now?

(d) If so, by what time is the speed likely to be increased?

Mr. A. A. L. Parsons: (a) The average through speed of passenger and mixed trains is a little over 13 miles per hour including stops at stations.

(b) Not so far as Government are aware, but the old time tables have been destroyed.

(c) and (d). Government have no information, but the Agent of the Bombay, Baroda and Central India Railway in common with the Agents of other railway administrations, is fully alive to the desirability of speeding up trains where possible.

PROVISION OF INTERMEDIATE CLASS ACCOMMODATION BETWEEN DELHI AND BHATINDA ON THE METRE GAUGE SECTION OF THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

429. ***Pandit Thakur Das Bhargava:** (a) Will Government be pleased to state if intermediate class accommodation is provided between Delhi and Bhatinda, on the Bombay, Baroda and Central India Railway (metre gauge) in every train?

(b) If each train is not provided with such accommodation, are Government prepared to consider the advisability of providing every train with such accommodation?

Mr. A. A. L. Parsons: (a) No.

(b) The matter is one for the Agent of the Bombay, Baroda and Central India Railway, to whom a copy of the Honourable Member's question is being sent.

PROVISION OF LIGHTS IN COMPOUND LEADING TO THE THIRD CLASS WAITING SHED AT HISSAR RAILWAY STATION.

430. ***Pandit Thakur Das Bhargava:** (a) Are Government aware that there are no lighting arrangements in the compound meant for the traffic of carriages and passengers leading to third class waiting shed at Hissar railway station?

(b) Are Government aware that as a result of want of such arrangements accidents have taken place resulting in injuries to the persons of passengers and to horses?

Mr. A. A. L. Parsons: (a) and (b). Government have no information on the subject, but a copy of the question has been sent to the Agent, Bombay, Baroda and Central India Railway.

PROVISION OF ELECTRIC FANS IN THE SECOND CLASS COMPARTMENTS
OF THE METRE GAUGE SECTION OF THE BOMBAY, BARODA
AND CENTRAL INDIA RAILWAY.

481. ***Pandit Thakur Das Bhargava:** (a) Are there any electric fans provided in the second class compartments on the Bombay, Baroda and Central India Railway (Delhi-Bhatinda section, metre gauge)?

(b) Is it likely that fans will be provided before the coming summer season in the second class compartments?

Mr. A. A. L. Parsons: The information is being obtained and on receipt it will be furnished to the Honourable Member.

PROVISION OF ELECTRIC FANS IN THIRD CLASS RAILWAY CARRIAGES.

482. ***Pandit Thakur Das Bhargava:** (a) Was there any proposal before the railway authorities for providing electric fans in all the third class carriages all over India, or on any particular line?

(b) If so, why was such a proposal shelved?

(c) Is there any such proposal now under the consideration of the railway authorities?

Mr. A. A. L. Parsons: (a) The proposal has been before some railways.

(b) and (c). The installation of electric fans in third class carriages would involve heavy expenditure both initial and recurring and Government do not propose to adopt the proposal.

FARES ON THE METRE GAUGE SECTION OF THE BOMBAY, BARODA AND
CENTRAL INDIA RAILWAY, THE NORTH WESTERN RAILWAY
AND THE EAST INDIAN RAILWAY.

483. ***Pandit Thakur Das Bhargava:** What are the railway fares per mile on the Delhi-Bhatinda (metre gauge) section, Bombay, Baroda and Central India Railway, the North Western Railway and the East Indian Railway for third, intermediate, second, and first class?

FARES ON THE METRE GAUGE SECTION OF THE BOMBAY, BARODA AND
CENTRAL INDIA RAILWAY, THE NORTH WESTERN RAILWAY
AND THE EAST INDIAN RAILWAY.

484. ***Pandit Thakur Das Bhargava:** Will Government be pleased to lay on the table a statement showing the rate of fares on the Bombay, Baroda and Central India (metre gauge), Delhi-Bhatinda section, the North Western Railway and the East Indian Railway, detailing the fares as they were originally fixed and their increases on different occasions as well as their reduction to the present level?

Mr. A. A. L. Parsons: I propose, with your permission, Sir, to reply to questions Nos. 483 and 484 together.

I am sending to the Honourable Member a statement showing the rates of fares charged on the Railways referred to from 1910.

Information for previous years is not available and its collection will involve much labour which does not appear commensurate with the result to be obtained.

Statement showing the rates of fares charged on the undermentioned Railways from 1910.

Name of Railways.	Class.	Date of revision.	Fares in force per mile.
B., B. & C. I. (Metro Gauge), Delhi-Bhatinda Section.	1st	1st January 1910	{ 18 pice 1st 300 miles. 12 „ additional distance.
		1st June 1917	18 „ all distances.
		1st April 1921	{ 24 „ 1st 300 miles. 18 „ additional distance.
		1st May 1922	{ 30 „ 1st 300 miles. 18 „ additional distance.
		1st October 1924	{ 24 „ 1st 300 miles. 18 „ additional distance.
		1st April 1926	{ 24 „ 1—150 miles. 18 „ additional distance.
Ditto	2nd	1st January 1910	{ 9 „ 1st 300 miles. 6 „ additional distance.
		1st June 1917	9 „ all distances.
		1st April 1921	{ 12 „ 1st 300 miles. 9 „ additional distance.
		1st May 1922	{ 15 „ 1st 300 miles. 9 „ additional distance.
		1st October 1924	{ 12 „ 1st 300 miles. 9 „ additional distance.
		1st April 1926	{ 12 „ 1—150 miles. 9 „ additional distance.
Ditto	Inter	1st July 1923	6 „ all distances.
		1st October 1924	5 „ „ „
		1st April 1926	{ 5 „ 1—150 miles. 4 „ additional distance.

Statement showing the rates of fares charged on the undivided railways from 1910—

Name of Railways.	Class.	Date of revision.	Fares in force per mile.
B., B. & C. I. (Matta Gange), Delhi- Bhatinda Section —contd.	3rd	1st January 1910	{ 2 ples 1st 200 miles.
			{ 1½ „ additional distance.
		1st June 1917	{ 2½ „ all distances.
		1st August 1920	{ 3 „ „ „
		1st May 1922	{ 3½ „ 1st 300 miles
			{ 3 „ additional distance.
E. L.	1st	1st January 1910	{ 18 „ 1st 300 miles.
			{ 12 „ additional distance.
		1st May 1917	{ 18 „ all distances.
		1st October 1921	{ 24 „ 1st 300 miles.
			{ 18 „ additional distance.
		1st June 1922	{ 30 „ 1st 300 miles.
			{ 18 „ additional distance.
		1st April 1924	{ 24 „ 1st 300 miles.
			{ 18 „ additional distance.
			{ 24 „ 1—100 miles, plus
		1st February 1927	{ 18 „ 101—300 „ „
			{ 12 „ 301 miles and over.
Do	2nd	1st January 1910	{ 9 „ 1st 300 miles.
			{ 6 „ additional distance.
		1st May 1917	{ 9 „ all distances.
		1st October 1921	{ 12 „ 1st 300 miles.
			{ 9 „ additional distance.
		1st June 1922	{ 15 „ 1st 300 miles.
			{ 9 „ additional distance.
		1st April 1924	{ 12 „ 1st 300 miles.
			{ 9 „ additional distance.

YONGE AND AKEWATER.

Showing the rates of fares charged on the undermentioned Railways from 1910—
contd.

Name of Railways.	Class.	Date of revision.	Fares in force per mile.
E. I.—contd.	2nd—contd.	1st February 1927	$\left\{ \begin{array}{l} 12 \text{ ptes 1st 100 miles, } p/h \\ 9 \text{ ,, 101—300 ,, } \\ 6 \text{ ,, 301 miles and over.} \end{array} \right.$
Do . . .	Inter .	1st January 1910	$\left\{ \begin{array}{l} \text{Mn 1 and } 3\frac{1}{2} \text{ ptes 1st 300 miles} \\ \text{Ordinary 3 ,, additional distance.} \end{array} \right.$
		1st May 1917	Mail and Ordinary— $4\frac{1}{2}$ ptes all distances.
		1st October 1921	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 6 \text{ ptes 1st 200 miles.} \\ 4\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \\ \text{Ordinary } 4\frac{1}{2} \text{ ptes all distances} \end{array} \right.$
		1st June 1922	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 7\frac{1}{2} \text{ ptes 1st 300 miles.} \\ 5\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \\ \text{Ordinary } 5\frac{1}{2} \text{ ptes all distances} \end{array} \right.$
		1st April 1924	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 7 \text{ ptes 1st 300 miles.} \\ 5 \text{ ,, additional distance.} \end{array} \right. \\ \text{Ordinary } 5 \text{ ptes all distances.} \end{array} \right.$
		1st January 1926	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 7 \text{ ptes 1st 300 miles.} \\ 3\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \\ \text{Ordinary } \left\{ \begin{array}{l} 5 \text{ ptes 1st 300 miles.} \\ 3\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \end{array} \right.$
Do . . .	3rd	1st January 1910	$\left\{ \begin{array}{l} \text{All trains } \left\{ \begin{array}{l} 2\frac{1}{2} \text{ ptes 1st 100 miles} \\ 2 \text{ ,, 101 to 300} \\ \text{miles} \\ 1\frac{1}{2} \text{ ptes additional} \\ \text{distance.} \end{array} \right. \end{array} \right.$
		1st May 1917	All trains 3 ptes all distances
		1st October 1921	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 4 \text{ ptes 1st 300 miles.} \\ 3\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \\ \text{Other trains } 3 \text{ ptes all distances.} \end{array} \right.$
		1st June 1922	$\left\{ \begin{array}{l} \text{Mail } \left\{ \begin{array}{l} 5 \text{ ptes 1st 300 miles} \\ 4\frac{1}{2} \text{ ,, additional distance.} \end{array} \right. \\ \text{Other trains } 3\frac{1}{2} \text{ ptes all distances} \end{array} \right.$

Statement showing the rates of fares charged on the undermentioned Railways from 1910—
contd.

Name of Railways.	Class	Date of revision.	Fares in force per mile.
E. I.— <i>concll.</i>	3rd— <i>concll.</i>	1st January 1926	Mail { 5 pies 1—300 miles, plus 3½ pies 301—600 miles. 3 pies additional distance.
			Ordinary { 3½ pies 1st 300 miles. 2½ „ additional distance.
		1st February 1927	Mail { 5 pies 1—50 miles. plus 4 pies 51—300 miles. 2½ „ 301 and over.
			Ordinary { 3½ pies 1—50 miles. plus 3 pies 51—300 miles. plus 2 pies 301 and over.
N. W.	1st	1st January 1910	{ 18 pies 1st 300 miles. 12 „ additional distance.
		1st July 1917	18 „ all distances.
		1st January 1922	{ 24 „ 1st 300 miles. 18 „ additional distance.
		1st April 1926	18 „ all distances.
		1st February 1927	{ 18 „ 1st 300 miles. 12 „ additional distance.
		1st January 1910	{ 9 „ 1st 300 miles. 6 „ additional distance
		1st July 1917	9 „ all distances.
Do	2nd	1st January 1922	{ 12 „ 1st 300 miles. 9 „ additional distance.
		1st April 1926	9 „ all distances.
		1st February 1927	{ 9 „ 1st 300 miles. 6 „ additional distance.
		1st January 1910	{ 3½ „ 1st 300 miles 3 „ additional distance.
		1st July 1917	4½ „ all distances

Statement showing the rates of fares charged on the undermentioned Railways from 1910—
concl'd.

Name of Railways.	Class	Date of revision.	Fares in force per mile.
N. W.— <i>cont'd.</i>	Inter— <i>cont'd.</i>	1st January 1922	4½ pice all distances by all trains except by Bombay and Calcutta mail trains. { 6 pice 1st 300 miles. 4½ pice additional distance.
		1st June 1922 . .	5 „ all distances.
		1st April 1926 . .	{ 5 „ 1—50 miles. 4½ „ additional distance.
Do.	3rd	1st January 1910 . .	2½ „ all distances.
		1st June 1916 . . .	{ 2½ „ 1st 100 miles. 2 „ additional distance.
		1st July 1917 . . .	3 „ all distances.
		1st June 1922 . . .	3½ „ „ „
		1st April 1926 . . .	{ 3½ „ 1—50 miles. 3 „ additional distance.
		1st February 1927 . .	{ 3½ „ 1—50 miles. 3 „ 51—300 miles. 2 „ 301 and over.

PRICE OF TIME TABLES ON CERTAIN SPECIFIED RAILWAYS.

485. ***Pandit Thakur Das Bhargava:** Will Government be pleased to lay on the table a statement showing the rise and fall in the price of Time Tables of the following railways and their present price :

1. The North Western Railway.
2. The East Indian Railway.
3. The Great Indian Peninsula Railway.
4. The Bombay, Baroda and Central India Railway.

Mr. A. A. L. Parsons: The present price of the Time Tables of the Railways concerned is as follows :

North Western Railway	6 annas.
East Indian „	2 „
Great Indian Peninsula Railway	6 „
Bombay, Baroda and Central India Railway	1 anna.

• Information is not available regarding the price of previous issues, but the next issue of the North-Western Railway Time Table will be priced at 3 annas without a map.

Sir Hari Singh Gour: Does the Railway Board or do the Companies concerned make any profit on the sale of these time tables? If so, how much?

Mr. A. A. L. Parsons: From the prices I have quoted, I imagine they make no profit.

GRANT OF CONCESSIONS TO PASSENGERS PURCHASING SECOND CLASS RETURN TICKETS ON THE METRE GAUGE SECTION OF THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

486. ***Pandit Thakur Das Bhargava:** (a) Did the Bombay, Baroda and Central India Railway, metre gauge, Delhi-Bhatinda section, give any concession to the second class passengers who purchased return journey tickets before the war?

(b) If so, when were the concessions discontinued?

(c) In the face of the fact that other railway administrations have chosen to reintroduce them, do the Bombay, Baroda and Central India Railway authorities propose to resuscitate them?

(d) If so, by what time?

Mr. A. A. L. Parsons: (a) and (b) The information is not available as the old time and fare tables have been destroyed.

(c) and (d). First and second class week-end return tickets at 1½ fares are available between any two stations on the Bombay, Baroda and Central India Railway which are not less than 50 miles apart. Government do not know whether any extension of the issue of return tickets is contemplated by the Agent, Bombay, Baroda and Central India Railway.

REPRESENTATION OF THE LEGISLATIVE ASSEMBLY ON THE INDIAN CENTRAL COTTON COMMITTEE.

487. ***Mr. Mukhtar Singh:** Will Government be pleased to state the constitution of the Cotton Committee? Will the Government be pleased to state if this House has any representation on that Committee?

Mr. J. W. Bhore: The constitution of the Indian Central Cotton Committee is laid down in section 4 of the Indian Cotton Cess Act, 1923 (XIV of 1923) to which the attention of the Honourable Member is invited. The Legislative Assembly is not represented on the Committee.

INTRODUCTION OF COTTON PESTS INTO INDIA.

488 ***Mr. Mukhtar Singh:** Will Government be pleased to state the measures taken to avoid the introduction of new pests and diseases with the introduction of the new varieties of foreign cotton into this country? Will Government be further pleased to state the results of such measures?

Mr. J. W. Bhore: Steps have been taken by Government under the Destructive Insects and Pests Act, 1914, to prevent the introduction of cotton pests in this country. Under a notification, dated the 26th June 1922, the importation of cotton seeds by sea is prohibited except after fumigation with carbon bisulphide at the ports of Bombay, Calcutta,

Dhanushkhodi, Karachi, Madras, Negapatam, Rangoon and Tuticorin. To prevent the introduction of the Mexican cotton boll weevil which has caused serious ravages in America, the importation of American cotton into British India is prohibited under a notification, dated the 14th November 1925, except through the port of Bombay where elaborate arrangements have been made for its fumigation before entry. The Government believe that these steps are attaining the objects in view.

Sir Victor Sassoon: Sir, is it a fact that only one dead boll weevil has been discovered out of the shipments that have arrived in Bombay?

Mr. J. W. Bhore: I have no information. If the Honourable Member wants information I shall be happy to obtain it for him.

INVESTIGATION RE INDIGENOUS VARIETIES OF COTTON.

439. ***Mr. Mukhtar Singh:** Will Government be pleased to state if any scientific investigation into the merits and demerits of the indigenous varieties of cotton has been made? If the answer be in the affirmative, will the Government be pleased to state the name of the report or the bulletin which contains the details of such investigation?

IMPROVEMENT OF THE INDIGENOUS VARIETIES OF COTTON.

440. ***Mr. Mukhtar Singh:** Will Government be pleased to state the steps taken to improve the indigenous varieties of cotton either by selection or by breeding? Will Government be further pleased to state whether any investigations have been made as to the likelihood of improving the indigenous varieties of cotton so that they may be quite capable of competing with the imported foreign varieties? If so, what are the results of such investigations?

IMPORT OF AMERICAN COTTON.

441. ***Mr. Mukhtar Singh:** Will Government be pleased to give the information if it is a fact that a large quantity of cotton is being imported from America into this country and that the imported cotton will undersell the indigenous cotton both in quality and price? If it is a fact, will Government be further pleased to state how it will affect the growers of Indian cotton and what are the measures in contemplation of the Government experts to ward off the calamity?

COMPARATIVE COST OF PRODUCTION OF INDIGENOUS AND FOREIGN COTTON.

442. ***Mr. Mukhtar Singh:** Will Government be pleased to state if any investigation as to the comparative cost of production of the indigenous and foreign varieties of cotton has been made in the different localities of the country? If so, will Government be pleased to place on the table the results of such investigation?

LONG STAPLED INDIAN COTTON.

443. ***Mr. Mukhtar Singh:** Will Government be pleased to state if any steps have been taken to introduce the long stapled Indian cotton in the different localities where cotton is the main crop? If so, will Government be further pleased to state the result of such measures adopted?

Mr. J. W. Bhore: With your permission Sir, I should like to answer questions Nos. 439 to 443 together.

The information is being obtained and will be supplied to the Honourable Member.

OPENING OF A GOVERNMENT STATIONERY OFFICE IN THE COUNCIL HOUSE
FOR THE SALE OF GOVERNMENT PUBLICATIONS TO
NON-OFFICIAL MEMBERS.

444. ***Mr. E. F. Sykes:** In view of the fact that non-official Members are unable to buy copies of Statutes and other Government publications at any place nearer than Calcutta, will Government arrange for a Government Stationery Office to be set up in the Council House where all Government publications old and new can be purchased?

The Honourable Sir Bhupendra Nath Mitra: Arrangements have already been made by which Honourable Members desiring to purchase Government publications can give their orders to the Notice Clerk, who is responsible for transmitting these orders to the Manager of the Central Publication Branch.

Sir Hari Singh Gour: Sir, is the Honourable Member aware that in the last Assembly an assurance was given by the Honourable Member that a book depot would be opened for the use of Members so that the publications might be sold at it both in Delhi and in Simla?

The Honourable Sir Bhupendra Nath Mitra: I have no recollection of having given such an assurance.

Sir Hari Singh Gour: Will the Honourable Member look up his files and see if such an assurance was not given?

The Honourable Sir Bhupendra Nath Mitra: I will do so, but I am pretty sure my statement is correct.

Mr. E. F. Sykes: Will the Honourable Member arrange to supply, in the Library, copies of Government publications sold by the Publication Department so that Honourable Members, before ordering, may see what their contents are?

The Honourable Sir Bhupendra Nath Mitra: Most important Government publications are placed in the Library.

Mr. H. G. Cocke: Is the Honourable Member aware that at a place called Bombay Government publications cannot be obtained?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member is referring to the publications of the Government of India, I believe that apart from the Central Publication Branch maintained at Calcutta, there are agencies at Bombay which also sell Government of India publications.

Mr. R. K. Shanmukham Chetty: Sir, is the Honourable Member aware that even if we send orders to the Central Publication Depot at Calcutta they take an unconscionably long time in complying with those orders?

The Honourable Sir Bhupendra Nath Mitra: I have no information, Sir, but if the Honourable Member will furnish me with particulars of any specific grievance I shall certainly have the matter looked into.

Mr. R. K. Shanmukham Chetty: When I sent an order from Coimbatore they took one month to send the book.

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will send me the facts of that case I will certainly have the matter looked into.

Mr. Vidya Sagar Pandya: Sir, it took me about three months to get a copy of the Government of India Gazette!

Mr. Arthur Moore: Arising out of that answer, Sir, will the Honourable Member provide Members with an opportunity for obtaining liquid refreshment in the lobbies!

REMOVAL OF THE DISABILITIES OF INDIANS IN FIJI.

445. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that as a condition precedent to the appointment of the Indian Deputation, the Fiji Government, in the Fiji "*Royal Gazette*" of the 27th June, 1921, publicly guaranteed that the position of Indians in Fiji would in all respects be equal to that of any other class of His Majesty's subjects?

(b) Is it a fact that there is not a single Indian on the Advisory Executive Council of the Fiji Government?

(c) Is it a fact that restrictions have been placed on the right of Indians to jury trial, while there are no such restrictions in the case of Europeans, under section 17 of the Fiji Criminal Procedure Ordinance of 1875?

(d) Is it a fact that under section 24(6) of the summary correction of Offences Ordinance, restrictions have been placed on Indians in the matter of loitering in towns between 11 P.M. and 5 A.M., while no such restrictions exist in the case of Europeans?

(e) Is it a fact that under the Masters and Servants Ordinance of 1890 an Indian is liable to a penalty of £5, or in default to 2 months' imprisonment by the Magistrate for neglect of duty and similar offences, instead of resorting to civil remedy, if entitled to, and that this is not applicable to Europeans?

(f) Is it a fact that no Indian in Fiji is permitted to acquire or possess more than 80 acres of land, and that his possession is restricted only to particular localities?

(g) Have Government taken any steps in the above matters? If so, when, and with what results?

Mr. J. W. Bhore: (a), (b), (c) and (d). Yes.

(e) No. There is no discrimination between European and Indian servants in respect of the offences under the Masters and Servants Ordinance, 1890, referred to by the Honourable Member.

(f) Applications by Indians are as a general rule limited to 10 acres of agricultural land with 20 acres of grazing land; but it is understood that if any applicant can show that he has means to work a larger area, his application is seldom refused.

(g) The Government of India are still in correspondence on these matters but are not yet in a position to make any statement.

REMOVAL OF THE DISABILITIES OF INDIANS IN FIJI.

446. ***Mr. Gaya Prasad Singh:** (a) What steps, if any, do Government propose to take to bring about the abolition of the poll-tax in Fiji, and

enlarging the municipal franchise to secure adequate representation of Indians in the Municipal Councils of Suva and Lenuka?

(b) Is it a fact that restrictions have been put on Indians in Fiji in the matter of possessing arms, which are not applicable to Europeans in the Colony?

(c) Is it a fact that the Indians in Fiji pay direct and indirect taxes "high amount to more than any other community in Fiji, and yet at present they have not a single member in the Legislative or Municipal Councils?"

(d) Will Government kindly state what steps they have taken, or propose to take to remove the disabilities of Indians in Fiji, and with what effect?

Mr. J. W. Bhore: (a) Representations in regard to both these matters were made by the Colonies Committee of the Government of India and the decisions arrived at by the Colonial Office are recorded in the correspondence on the position of Indians in Fiji which has been published in the Resolution of the Government of India, No 24-Oversens, dated the 12th January, 1927. These are matters on which the elected Indian representatives in the local Council will be in a position to press the views of the Indian Community on the Colonial Government and the Government of India do not propose to take any further steps at present.

(b) It is understood that restrictions are in force regarding gun licences and the purchase of arms by Indians, but the Government of India have no information as to what precisely these restrictions are.

(c) No figures are available from which the incidence of taxation on different communities in Fiji might be compared. Indians are at present represented by one nominated Member on the Fiji Legislative Council, and, under the decision recently arrived at by the Colonial Office, will be temporarily represented by three nominated Members until the necessary changes can be made in the Letters Patent to enable the Indian community to return three elected Members to the Council. The question of their representation on the Municipal Councils has been referred for the consideration of the Colonial Government and will, it is understood, be examined in the first instance by a local Committee on which the Indian community will be adequately represented.

(d) The Honourable Member's attention is invited to the correspondence recently published. On certain outstanding questions correspondence is still proceeding.

MINIMUM WAGE FOR INDIANS IN FIJI.

447. ***Mr. Gaya Prasad Singh:** Is it a fact that the inter-departmental conference of 1917 agreed that a minimum wage should be fixed to enable an Indian in Fiji to earn a living wage? And if not, what steps have been taken to enforce compliance with this agreement?

Mr. J. W. Bhore: The interdepartmental Conference held in London in 1917 published certain proposals for a new assisted system of emigration to Fiji among other Colonies for public information and criticism. Assisted emigration to Fiji has not been opened and no question of enforcing the recommendations of that Conference therefore arises.

RECONSTRUCTION OF THE BRIDGES OVER THE NERBUDDA ON THE GREAT INDIAN PENINSULA RAILWAY AND THE BENGAL-NAGPUR RAILWAY IN THE DISTRICT OF JUBBULPORE, ETC.

448. ***Seth Jamnadass:** (a) Will Government be pleased to state the approximate cost that is proposed to be involved in the reconstruction of the bridges over the Nerbudda on the Great Indian Peninsula Railway and the Bengal Nagpur Railway in the district of Jubbulpore (Central Provinces) washed away recently by floods there?

(b) Will Government be pleased to state the latest date when the said bridges respectively are proposed to be got ready and traffic resumed?

(c) In connection with the said bridges under construction have the Government received suggestions to have road ways constructed for bullock carts and motor traffic, etc., to pass underneath or as part of the bridges like that of the one on the Jumna river between Naini and Allahabad stations and if not, cannot the Government undertake to investigate the same for purpose of convenience of the public?

(d) Is it not a fact that Government propose to reconstruct other bridges between Itarsi and Jubbulpore Junctions said to be not in good condition and if so, what are the bridges that are proposed to be reconstructed and the time when the reconstruction work will commence with respect to the bridges in question?

(e) Are Government aware of the increase of railway traffic in passengers at Katni railway station in the Jubbulpore district of the Central Provinces consequent upon the change of route of the Bombay and Calcutta mail trains owing to the washing away of the Nerbudda bridge and if so, do Government propose to consider the advisability of going into the question of constructing more first, second, and third class waiting rooms for the convenience of the passengers at the said station?

Mr. A. A. L. Parsons: The required information is being collected and will be forwarded to the Honourable Member in due course.

APPOINTMENT OF AN INDIAN AS A MEMBER OF THE RAILWAY BOARD.

449. ***Mr. S. Srinivasa Iyengar:** Will Government be pleased to state whether they are now prepared to appoint an Indian as a member of the Railway Board, and if so, when the next vacancy is likely to take place by retirement or absence on leave of the present members?

The Honourable Sir Charles Innes: I understand that it is likely that one of the Members of the Railway Board will be taking leave next summer. The question of his successor has not yet been considered.

NAMES, QUALIFICATIONS, PERIOD OF SERVICE AND POSTS NOW FILLED BY THE THREE MOST SENIOR INDIANS IN THE RAILWAY SERVICE.

450. ***Mr. S. Srinivasa Iyengar:** Will Government be pleased to give the names, qualifications, period of service and posts now filled by the three most senior Indians in the Railway Service at the present time?

The Honourable Sir Charles Innes: I am not quite sure what the Honourable Member means by seniority. The most important posts held at present in the Railway Department by Indians are: Mr. Pavry, an officer of the Indian Railway Service of Engineers, is Chief Engineer

of the North Western Railway; Mr. Irani, another officer of the Indian Railway Service of Engineers, is a Divisional Superintendent on that Railway, Mr. Hayman, an officer of the Indian Audit and Accounts Service is Director of Finance with the Railway Board; and Mr. Gupta, also an officer of the Indian Audit and Accounts Service, is Director of Establishments with the Railway Board.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether when the question of a successor to the retiring member of the Railway Board will be taken up in the summer the pledge given by my Honourable friend, Sir Basil Blackett, will at least now be remembered?

The Honourable Sir Charles Innes: I think, Sir, the Honourable Member is asking me a supplementary question to the last question, No. 449. I have just answered No. 450.

Mr. A. Rangaswami Iyengar: It is not, I think, for the Honourable Member to say that it does not arise out of this particular question. I desire an answer to my question.

Mr. R. K. Shanmukham Chetty: May I know, Sir, if the scales which went wrong then have been repaired in the meantime?

The Honourable Sir Charles Innes: The scales of pay are very good.

PRIVATE NOTICE QUESTION AND ANSWER

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. Varahagiri Venkata Jogiah: With your permission, Sir, I wish to ask a few questions of the Honourable the Commerce Member at short notice. I understand he is prepared to answer them:

1. Has the attention of the Government been drawn to the news that has been published in the press of the wholesale strikes of men in Kharagpur and some other workshops?

2. Will the Government be pleased to make a statement on the information received on the matter?

3. Will the Government be pleased to state whether railway volunteers were called out and whether bayoneting or shooting or both were resorted to by them in connection with the strike?

The Honourable Sir Charles Innes: A full statement of the attitude of the Bengal Nagpur Railway Administration towards the grievances put forward by the Indian Labour Union, Bengal Nagpur Railway, was given in the press communiqué issued by the Agent on the 21st January. It will be seen that the Agent gave the deputation from the Union, which he received on the 24th November 1926, a very long hearing. On the 18th January 1927 the Agent gave the Union a long written reply to all the points which had been raised. I understand that the Agent's reply was placed before an extraordinary general meeting of the Labour Union at Kharagpur on the 30th of January and a decision was come to that the proposed strike should be postponed indefinitely.

On the 8th of February Mr. Naidu, who is the Secretary of the Kharagpur Branch of the Union, was transferred to work under the Executive Officer in the Housing Department at Kharagpur. Mr. Naidu thought that he was permanently transferred which was not the case, and made a representation against the transfer. He was fined one day's pay for not carrying out the orders, and reported to the Executive Officer for duty on the morning of the 9th. On hearing of the transfer and the fine some of the workshop hands stopped work on the 9th. The facts were reported to the Agent, who ordered that it should be explained that the transfer was purely a temporary transfer and that the object was that Mr. Naidu should assist in the allotment of quarters. The Agent also cancelled the fine. As the result of these orders, the men resumed work on the afternoon of the 9th. On the evening of 11th February a meeting of the Labour Union was held. After this meeting about 9-30 p.m. a body of workshop employees numbering 600 to 800 made a sudden attack on Kharagpur railway station. They took possession of signal cabins and stopped all traffic. The District Magistrate, who was at Kharagpur, finding the police at his disposal insufficient to restore order, called out the Auxiliary Force who cleared the station and yard. Owing to the violent attitude of the mob, it is understood that it was necessary to use bayonets as the only possible alternative to firing. 10 men were wounded, most of them only very slightly. No shots were fired by the Auxiliary Force, but the police guarding a level crossing were severely stoned, and fired two shots wounding one rioter.

As only a few men appeared for work in the shops on the morning of the 12th, the workshops were closed by the railway authorities. The Kharagpur Branch of the Indian Labour Union is reported to have declared a general strike on the 12th, but there has been no general response. The latest report from Kharagpur shows the situation there to be quiet.

Mr. N. M. Joshi: May I ask, Sir, whether the Government of India will institute an impartial inquiry into the grievances of these people as well as an impartial inquiry as to the immediate causes of this strike?

The Honourable Sir Charles Innes: I am expecting a full report from the Agent on the subject, and in the meantime I am not prepared to make any further statement.

Mr. Chaman Lal: Will the Honourable Member be kind enough to institute an inquiry into the bayoneting that took place there and the shots that were fired?

The Honourable Sir Charles Innes: That, Sir, is not a matter for the Railway Department.

Mr. M. K. Acharya: Will the Government be pleased to say whether any communication has been received from the men concerned in addition to the version of the officials?

The Honourable Sir Charles Innes: I have received no communication.

Mr. M. K. Acharya: Is it a fact that messages to non-official Members are being censored?

Mr. A. Rangaswami Iyengar: May I know, Sir, whether the Honourable Member in charge of the Department relating to shooting and bayoneting will cause an inquiry to be made?

The Honourable Sir Alexander Muddiman: If the Honourable Member is referring to me by that rather curious designation, when I receive a full report of the circumstances of this case I will see ~~what~~ ^{what} action, if any, is necessary.

THE INDIAN REGISTRATION (AMENDMENT) BILL.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, I rise to move that the Bill further to amend the Indian Registration Act, 1908, be referred to a Select Committee consisting of the Honourable the Home Member, Mr. Varahagiri Venkata Jogiah, Mr. D. V. Belvi, Mr. M. S. Sessa Ayyangar, Kumar Ganganand Sinha, Mr. Amar Nath Dutt, Mr. K. C. Neogy, Mr. M. R. Jayakar, Mr. Dwarka Prasad Misra, Mr. L. Graham and the Mover, with instructions to report on or before the 1st March, 1927; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four.

Sir, this Bill is a legacy to me from Diwan Bahadur Ramachandra Rao. This Bill was introduced by him and put on the agenda a number of times during the tenure of the last Assembly, but unfortunately he was not able even to reach the stage to which I have been able to bring it this Session. Therefore, I congratulate myself as well as the donor of the Bill to me on the advanced stage which it has reached to-day. The principles of the Bill are not very many and the points involved in the Bill are simple. The Bill makes provision for four particular things. In the first place there is now a very elaborate inquiry in the case of wills which are sought to be registered before a Sub-Registrar in cases in which the genuineness of the will may be disputed. The Sub-Registrar is under the present Act in a position to hold a thorough inquiry and examine witnesses and then come to a decision. If any party is not satisfied with the decision of the Sub-Registrar it is open to the Registrar also to take up the inquiry, examine witnesses and then finally refuse registration or order registration. Nevertheless, it is still competent to the party to go to a civil court and have a declaration made that the document ought to be registered in spite of the two inquiries held by the Registration Department. This Bill wants to make these inquiries simple enough by saying that if the Sub-Registrar before whom the document should be presented, is not satisfied with the genuineness of it, he shall endorse it saying that the registration is refused. Thereupon within a month the parties who are directly interested can have the document registered by the decision of a competent civil court, and if the court decides that the document ought to be registered, then the document is taken before the Registrar for registration. That minimises the process of getting at the registration of a document in the nature of a will, and along with that it is also added that an authority to adopt may also be similarly treated. That, Sir, is taken up by a portion of this Bill.

Another portion of this Bill relates to the depositing of wills before the Sub-Registrars. Whereas under the present Act a will has to be deposited in a sealed cover before the Registrar alone, it will be enabling parties who have got Sub-Registrars' offices near at hand to take their wills and deposit them in the manner in which they are deposited before the Registrar.

Another point which is sought to be remedied by this Bill is the power given to the Registrar to transfer an inquiry before one Sub-Registrar to

another Sub-Registrar, and if there is any case in which an inquiry before the District Registrar has to be transferred to some other District Registrar, the Inspector General of Registration is empowered to pass such an order under this Bill. Sir, you are aware that in the Civil Procedure Code powers of transfer of a proceeding from one court to another court are provided for, but there is no such provision in the case of inquiries before Sub-Registrars, and if a party apprehends that he cannot get satisfactory justice before a Sub-Registrar, he may apply to the District Registrar for transferring the case to some other Sub-Registrar. Such circumstances will very frequently occur, and I need not go into the details, because some of them may be palatable and some of them may not be palatable.

Then, Sir, this Bill also makes provision for setting at rest some conflict of decisions in the case of certain documents. Suppose there is a mortgage deed to be registered. A number of properties belonging to the mortgagor are mortgaged to the mortgagee. In order to facilitate the registration, sometimes a small insignificant property which is within the local limits of a particular Sub-Registrar is also put along with it, not intending thereby to convey any mortgage right over that particular property, but to facilitate registration; this course is oftentimes adopted. Sometimes it so happens that the property which is so included does not really belong to the mortgagor at all; nevertheless, it is not the Registrar's function to go into the question and see whether it belongs to the mortgagor or not.

A third case may also occur where a particular property which does not exist at all, may be included in the document stating that it is within the jurisdiction of a particular Sub-Registrar. In such cases also, the documents are as a matter of course registered, but if these cases go to a court and an objection is taken that the registration deed is not valid on the ground that the property which has been included in it was not *bonâ fide* included, was intended only to defraud the registration authorities or that the property which has been included does not really belong to the mortgagor or that no such property exists at all, then there are conflicts of decisions which have all arisen out of a Privy Council decision. In this Bill a provision is made that if any property is included in the document and if that property really exists, no further question about the validity should be raised by any court. It may be that I include a property in Raisina along with some of my properties somewhere in my district and register the document in Delhi. The property in Raisina may not belong to me, but the registration authorities on that account should not refuse to register the deed; the deed should not be declared invalid because the mortgagee might have *bonâ fide* belief that I do hold a property in Raisina. If on the other hand, I should say that I mortgage Metcalfe House situated in Raisina and it does not exist here at all, then such a document alone should be deemed to have been invalidly registered. These are the cases, Sir, which are contemplated by this amending Bill which I introduce here, and which I want to refer to a Select Committee. The provisions are simple; nevertheless the Bill may require some consideration as to the drafting of the various provisions and to see whether the various purposes are really carried out by the draft or not. For that purpose I have included in this list persons who are competent to deal with these questions. I trust, therefore, Sir, that this House will accept my motion that the Bill be referred to a Select Committee.

Mr. J. M. Dunnett (Home Department: Nominated Official): Sir, I rise not to oppose or condemn the Bill itself which my Honourable and learned

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friend has moved, but to oppose the particular motion he has made. I do not wish to try and convince the House, nor do I even suggest it, that the Bill is a bad one. But I do wish to suggest that what the Honourable Member wishes the House to do, namely, to approve the 4 or 5 principles of this Bill, is perhaps a premature step. Sir, I think I can put the case more clearly in this way by saying that the Bill deals with—the Honourable Member said 4,—but I would prefer to say 5-points, of which one is a legal point and 4 are administrative points. The legal point is this, that the High Courts in this country have taken to themselves out of a Privy Council ruling a power really to legislate, and my Honourable friend wishes to resume this power from the High Courts into the hands of the Legislature and to make clear by legislation what is the precise implication of that Privy Council judgment.

Now, Sir, I might take some objections to the Bill as it stands. I might take the objection that the clause as drafted so as to cover the validity of documents and not the validation of registration, does not effect the wish of the Honourable Member, and that it is made in the wrong place. But these are not matters before us now, and they can be dealt with in Select Committee. But it seems to me, and I trust the House will agree with me, that we really cannot commit ourselves to a principle of this nature which resumes out of the hands of the High Courts the power to legislate which they have taken out of a Privy Council judgment; we really cannot do that without consulting the High Courts. Well, Sir, that is a small point, but I think it is a good point.

But the main things to which I wish to direct the attention of the House are the administrative points. They are, Sir, four in number. I shall take them in the order given to them in the Bill. Clauses 2, 3 and the consequential clause 6 propose to amend Part VIII of the Act, the Part that deals with the presentation of wills and authorities to adopt for purposes of registration and the object there is to remove from the Registrar his administrative power by a quasi-executive procedure to dispose of objections to the Sub-Registrar's refusal to register. The idea of my Honourable friend is this, that, when the Sub-Registrar
12 Noon. refuses, in the case of these two particular classes of documents, to register, the aggrieved party shall have immediate recourse to the civil courts. Now, Sir, I do not wish to state it as a fact, but I wish to state it as a matter for the consideration of this House and any sources of information which the House may wish to consult, that this power of the Registrar to decide objections on which the refusal to register is based, may possibly be useful. I think it will possibly be in the knowledge of many Members of this House that a good many of these objections on which a refusal to register is made are really not *bona fide*. They are made for some small incidental purpose, possibly connected with the arrangements under which the will was made or the power to adopt was given. And a great many, possibly it may be the majority, of these objections to registration are most suitably disposed of by an executive proceeding before the Registrar. I don't say it is so. I say it is possible. I am inclined myself to think that a great majority of these cases are most suitably decided in the interests of the parties by executive action of this nature. I therefore suggest that on this point at least the House do not agree to this principle by agreeing to refer the Bill to a Select Committee, but ask either that the Honourable

Member should himself furnish more information or possibly that other means may be taken to put the House in a position to judge on this matter.

Sir, the second administrative point is in clause 4. This refers to part IX of the Act. Part VIII of the Act deals with the presentation of this class of documents for registration. Part IX deals with the presentation of these documents for deposit. That is to say, these documents are presented in a closed cover; there is no copy of them. They are presented in a sealed cover and the suggestion is that, whereas at present the deposit can be made with the Registrar alone, in future the deposit may be made with the Sub-Registrar. Here again, it is suggested that the House should approve the principle of a definite administrative action on, I consider, insufficient grounds. I don't know, Sir, if it is in the knowledge of Members that in many parts of India the deposit of wills with Registrars has created great practical difficulties. A case of this kind occurs: a man makes his will, he puts it in a sealed cover, goes to the Registrar and leaves it there, and then he dies. And his heirs then make their own arrangements among themselves, they dispose of the property, they say: "We don't care about the will", they let it lie. And 30 or 40 years later, the Registrar has got about a hundred old wills falling to pieces and so on and their disposal raises a difficult question. It is difficult to make arrangements for the safe custody of these wills. Remember how they are presented—I think it is within my Honourable friend's experience—there is no copy of these wills. We know nothing about them. We get a sealed cover; we have got to keep it. Now, it may be I don't want to make a positive statement—it may be exceedingly embarrassing to local authorities in all small local offices of Sub-Registrars—it may be exceedingly embarrassing to have to make arrangements for the safe custody of these valuable documents. It even is possible that the sound practical course is not to deposit these wills with Sub-Registrars but to deposit them with the Inspector General. It may be that the better custody may be central. Now, Sir, I don't make these definite suggestions as things to which the House should necessarily agree but they are points which should make the House hesitate to accept the principle by referring the Bill to Select Committee.

The next point is No. 5. There are two points in this number. This is a power to—let me put it in this way—this is a power to transfer cases from a Sub-Registrar to a Registrar and when I say five points as against my Honourable friend's four—it is here that I wish to split up one into two. He wishes to give this power of adjusting business to the Registrar and also to the Inspector General. Now, Sir, why I say the House should hesitate in the case of this power is this. The House is aware that there is no uniform system of remunerating Sub-Registrars. There are places, numerous places, I think, in which Sub-Registrars are paid by fees. They are not departmental. And it may be that, if you adopt this principle of registration—you may transfer a source of fees (let me put it this way) from one Registrar to another—it may be that the Local Government will be committed to abandoning altogether the system of payment by fees. Therefore, Sir, on the ground of this particular point, I suggest to the House to defer judgment on the principle of this particular proposal. Now, Sir, I wish to hurry over this point—these points are all important to the Bill but the Bill itself is not a very large Bill. The second point is that my Honourable friend proposes to give the Inspector General power to transfer cases from Registrar to Registrar,—that is to say, I presume he wishes to give the Inspector General the power to hear applications from

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parties to each registration, for transfer from one district to another. Well, Sir, if my Honourable friend will go through the Act, and consider what the functions of the Inspector General under the Act are, he will possibly find that he is changing the character of the post. In one respect it is true that the Inspector General can hear applications of this kind because I think he has the power to order refund of fees. But otherwise he is merely a superintendent and he does not have functions of this nature. And again I would counsel some hesitation in accepting without full advice a principle of a change in the nature of this office. No. 6 is consequential on a subject I have dealt with before and No. 7 is a legal point on which I suggested that you cannot really trample on the High Courts in the manner suggested if you accept the principle of this suggestion. Therefore, I consider, Sir, that these proposals, although I don't consider them at the first blush dangerous, have implications both on the position of the High Courts and on administrative problems which arise, which ought, I think, to make the House hesitate to accept the principle blindly.

Sir Hari Singh Gour (Central Provinces Hindi Divisions Non-Muhammadan): Do I understand the Honourable Member to move for circulation?

Mr. President: Order, order. The Honourable Member has not moved for circulation.

Sir Hari Singh Gour: Sir, I understand from the Honourable speaker that he objects to the committal of this Bill to Select Committee on the ground that he is not prepared to accept the principle of the Bill. And I submit, Sir, that it is the accepted principle of this House that, before a Bill is committed to the Select Committee, it recognises and accepts the principle of the Bill. And if it accepts that principle, the Bill is then consigned to the Select Committee. As the Government have opposed the reference to the Select Committee and yet at the same time recognise that the Bill is one in favour of which a great deal can be said, I move that the Bill be circulated for the purpose of eliciting opinions thereon. In doing so, the House will not stand committed to the principle of the Bill. At the same time, it will have the advantage of sounding public opinion both on the legal issues involved and the administrative questions to which the Honourable speaker from the Government Benches has alluded. I therefore, Sir, move my motion.

The Honourable Sir Alexander Muddiman (Home Member): Sir, if this had been a Bill which had been brought in by Government it would almost certainly, in view of its character, have been founded either on a report of some Committee of investigation or it would at any rate have been circulated preliminarily as an executive matter for the purpose of ascertaining the views of the Local Governments and High Courts. My Honourable friend has done, if I may venture to say so, a distinct service in bringing forward this Bill. There are in it certain provisions which I myself without committing the Government regard as likely, or possibly likely, to effect some improvement in the law of registration, and when I heard his eloquent speech I felt the merits of the Bill even more strongly than I had originally. It is possible I might have been compelled to oppose it but my Honourable friend Sir Hari Singh Gour has given an opportunity, I think, of meeting what I am sure will be the wishes of the House that this Bill should be circulated for the purpose of obtaining the opinions of the bodies to which I

have made reference. I might point out—and it is not without interest to the House—that this Bill regulates a provincial subject,—registration of deeds and documents. It is true that it is a subject, subject to legislation by the Indian Legislature, as Honourable Members will see if they refer to item 21 in the list of provincial subjects. It is equally true that it does not require any sanction to bring in the Bill. But being, as I have said, a Bill which deals with a provincial subject, it obviously affects the various administrative arrangements to which my Honourable friend Mr. Dunnett has more particularly referred: it also affects the courts and as it deals with a subject which cannot be regarded as of great urgency, I support the motion that has been made in this House that the Bill be circulated, and I hope my Honourable friend the Mover, in view of what I have said will accept the proposal that I have supported.

Mr. C. Duraiswamy Aiyangar: Sir, in the first place, I am extremely surprised that my Honourable friend Sir Hari Singh Gour, who is more anxious than any other Member in this Assembly to rush through all his Bills on the very first day by making a motion to introduce, then to take it into consideration and then to pass it, should move a dilatory motion like this in the case of a Bill which he should have seen in this Assembly during the last 3 years. Next, Sir, I am surprised that my Honourable friend over there, Mr. Dunnett, should have taken first the legal objection and raised the doubt for the first time in this Assembly that wherever there are conflicting decisions between the various High Courts, it is not primarily the function of this House to set at rest all those conflicts. I do not see the necessity for a reference to these High Courts and their sanction when this House can on the face of it see that there are conflicting decisions among the various High Courts as to what particular construction should be put in deciding about the validity or invalidity of a particular registered document. If there is a conflict of decisions that is the very reason why this Legislature should take cognizance of it and set right the conflict by coming to one particular view in the matter.

Mr. J. M. Dunnett: May I make a personal explanation, Sir? That was not my point. I thoroughly agree with my Honourable friend that in the case of a conflict of decisions the Legislature must make the point quite clear. My point was that the High Courts—I do not say all—have assumed to themselves a power out of a Privy Council judgment of legislating, not where there was a conflict of decisions, but that each had extended its own powers and taken power to legislate. We ought to exercise it but we should consult them. That was my point. It was not a point regarding conflict of decisions. I perfectly agree with my Honourable friend that where there is a conflict, we must set it right.

Mr. C. Duraiswamy Aiyangar: Sir, if really the Government are anxious to expedite legislation, it was long ago brought to their notice that by reason of a conflict of decisions the litigants are put to great hardship. It is this Government that is responsible if there is delay in not consulting the High Courts. It is not necessary for Government to take action that a Bill should be actually tabled before the House. It is not necessary for them to wait till the Bill is actually before the House. Government knew full well that such a motion was made three years ago and if they wanted to expedite the removal of the difficulties in this matter there was time enough for Government to have taken steps to consult the High Courts

[Mr. C. Duraiswamy Aiyangar.]

and to have brought forward a Government Bill of this nature. Not having done so, when Government find that a Bill has been tabled by a private Member and it has had the good fortune of reaching this stage at so early a date, that they should put obstacles in the way is nothing but Government adopting that very policy which they are day after day not tired of condemning, namely, the policy of obstruction, the policy of non-co-operation. (Laughter.)

Sir, my Honourable friend Mr. Dunnett then said that there are some provisions in this Bill which are of an administrative nature. Sir, when these documents are actually taken over for an inquiry the proceedings cease to be administrative and they become judicial from the stage of inquiry. What I want this House to do is to relieve the parties from the hardship of going through the process of three different classes of inquiry, summoning their witnesses at considerable cost before the Sub-Registrar once, before the District Registrar again, and before the civil courts for the third time. What is the force of saying that these are administrative matters and that the administrative machinery must be first gone through, the Sub-Registrar must be given work, the District Registrar must be given work and that the courts also must go into the matter all at the cost of these litigants, not at the cost of the Government. I condemn this kind of objection being taken by the Government. Supposing a question arises about the genuineness of a particular will and the party says that the will was executed by the testator at a time when he was conscious and objection is taken that consciousness does not mean a sound disposing state of mind and therefore the will is not genuine. These are the questions which trouble the civil courts and in one case the Madras High Court and the Privy Council differed in this matter. The will was actually executed by a testator who was declared by a competent medical officer, an M.B., C.M., to be conscious at the time and it was held to be valid. The Privy Council said that though he was conscious he was not of a sound disposing state of mind and therefore the will was not genuine. Are these Sub-Registrars to be entrusted with this class of work all for the sake of the pastime of the administration? Sir, it is intended that whenever any dispute arises about the genuineness of these documents power be taken to the civil courts so that immediately and without further expenditure the parties can have the matter settled by a competent civil court and these documents can be registered. If there be any difference about this by all means let us discuss it. All that Mr. Dunnett has said only makes me sure of this that he himself must be on the Select Committee. It is unfortunate that I omitted his name. But if I have omitted his name I am not responsible for it but Mr. Graham. I consulted him as to which of the Government Members should be included and he told me that he may be taken or Mr. Tonkinson. He had a partiality for Mr. Tonkinson and not for Mr. Dunnett.

Now, Sir, the deposit of wills has got more imaginary difficulties about it; want of boxes for Sub-Registrars for keeping custody of wills, iron safes, all these are pointed out as objections. Parties must be allowed to deposit the will at the nearest Sub-Registrar's office. If there is any such administrative difficulty, then a provision may be made that within 24 hours or 36 hours or within a week after the deposit of a will before the Sub-Registrar he shall send it on to the District Registrar or to the Inspector General of Registration as Mr. Dunnett suggested. But that is not the

reason why the party should not be given the facility of depositing his will in the nearest Sub-Registrar's office. It is said that there are camel-loads of wills which are not owned by anybody and lying there. If so, you can burn them after a certain number of years, but that is not the reason why you should prevent a man who wants to deposit a will in the nearest Sub-Registrar's office from so depositing it. Secondly, Sir, this provision is for depositing it before the Sub-Registrar or District Registrar. It does not make it compulsory on him that he should file it only before the Sub-Registrar. Therefore, according to the convenience of the testator, according to his knowledge, according to his confidence, he will take necessary steps, but if there is an office close by, it will give considerable facilities to persons who want to have wills deposited safely for the benefit of their descendants.

Then, Sir, the only point that I wish to urge before this House is that this House should not be misled into taking dilatory action, because my Honourable friend Sir Hari Singh Gour all of a sudden jumps up and puts forward that without any notice. I am surprised that the Honourable the Home Member also should have patronised such a course. (Laughter.) I shall wait to see whether the Honourable the Home Member will patronise such a course when I move a similar motion with reference to any Bill which he brings forward. All of a sudden to spring up and make a motion for circulation is not the way, Sir, in which a Bill like this should be treated. We have discussed it. Therefore, with your permission, Sir, I wish to add Mr. Dunnett's name to the Select Committee.

Mr. President: Order, order. The Honourable Member cannot add names at this stage.

Mr. C. Duraiswami Aiyangar: Sir, I commend to this House the acceptance of my motion that the Bill be referred to a Select Committee.

The Honourable Sir Alexander Muddiman: Sir, I do not propose to detain the House at any length, but if anything convinced me of the necessity of circulating this Bill for eliciting opinion, it was the speech of my Honourable friend. It indicated very clearly the necessity for adopting the proposal that the Bill should be circulated. He said, I think, that I never accept motions for circulation. Now, Sir, it is well within the knowledge of this House that I am reproached occasionally for the readiness with which I do accept motions for circulation; and this, Sir, is pre-eminently a Bill that ought to be circulated. I will not take up the time of the House further.

Mr. President: The original question was:

"That the Bill further to amend the Indian Registration Act, 1908, be referred to a Select Committee consisting of the Honourable the Home Member, Mr. Varahagiri Venkata Jogiah, Mr. D. V. Belvi, Mr. M. S. Sessa Ayyangar, Kumar Gangannand Sinha, Mr. Amar Nath Dutt, Mr. K. C. Noogy, Mr. M. R. Jayakar, Mr. Dwarka Prasad Misra, Mr. L. Graham and the Mover, with instructions to report on or before the 1st March, 1927, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four."

Since which the following amendment has been moved:

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The question is that that amendment be made.

The motion was adopted.

THE INDIAN SUCCESSION (AMENDMENT) BILL.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I rise to move that the Bill further to amend the Indian Succession Act, 1925, be referred to a Select Committee consisting of the Honourable the Home Member, Mr. H. Tonkinson, Mr. M. A. Jinnah, Mr. Abdul Haye, Pandit Madan Mohan Malaviya, Mr. R. K. Shanmukham Chetty, Mr. Anwar-ul-Azim and the Mover; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four.

Sir, as stated in the Statement of Objects and Reasons of the Bill, it provides for an amendment of section 372 of the Indian Succession Act of 1925. The amendment seems necessary on account of the conflicting judgments of the two different High Courts, namely, the Allahabad High Court and the Calcutta High Court. According to the Allahabad High Court the heirs of a deceased creditor must obtain a succession certificate for the whole amount due to a deceased creditor even if a certain portion of the debt may have devolved upon one of the debtors and therefore it was no longer a debt. See *Ghafur Khan v. Kalundri Begum*, Indian Law Reports, Volume 33, Allahabad, page 327 and *Mahomed Ali v. Puttan Bibi*, I. L. R. 19, Allahabad, page 129. The Calcutta High Court has taken a more reasonable view and held that a succession certificate may be obtained for the amount which is recoverable as debt. See *Annapurna Dasee v. Nalini Mohan Das*, 42 Cal., p. 10. The view taken by the Allahabad High Court often causes great hardship as regards the dower cases. Supposing a Muhammadan lady dies leaving a husband, a father and a mother, her dower debt is one lakh of rupees. According to the Muhammadan law of inheritance, one-half of her assets go to her husband and the other half is divided between the father and the mother. In this way the husband himself becomes the owner of half of the dower debt and therefore it no longer remains a debt. Still, according to the view taken by the Allahabad High Court, the father and the mother must obtain a succession certificate for the whole amount of one lakh of rupees and pay a stamp duty over the same which will not be charged against the husband in the dower case. The object of my amendment is to adopt the Calcutta view and remove this hardship.

This Bill is not of such a nature as to require circulation for eliciting public opinion. Of course it is intended only to remove the conflict between two judgments of the two High Courts. I first gave notice of introduction of this Bill in 1925. For the last two years I had never the good fortune of seeing this Bill ballotted for. The Assembly was dissolved. Then the new Assembly came into being and I therefore gave notice to introduce this Bill. This time I was fortunate enough to get it ballotted. Now that it has reached this stage, I find that the Honourable the Home Member has tabled an amendment that it should be circulated for eliciting public opinion. I hope, Sir, that the Honourable the Home Member will himself see that this is a very hard case in which it will not be good to take still longer and therefore I think, Sir, that he will withdraw his amendment and allow the Bill to go to the Select Committee. With these remarks, Sir, I move.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I have put a motion down on the paper that the Bill be circulated and, in spite of the touching appeal by my Honourable friend, Maulvi Muhammad

Yakub, I propose, with your permission, to make that motion. It is perfectly true, as the Honourable Member said, that the Bill is a very simple one. I myself am a little inclined to take the same view that he does, that is, the view of the Calcutta High Court. But, after all, other High Courts have held differently. The Allahabad High Court, more particularly, have held that the right principle is that a succession certificate may be given for the collection of the debts of one or more deceased but not for the collection of part only of a debt. And the grounds apparently—if I am wrong, my Honourable friends here who are more intimately acquainted with the decisions of the Allahabad High Court will perhaps correct me—the grounds as I remember them from their decisions were that the contrary view might lead to a multiplicity of suits and harassment to the debtors. That was the view of the Allahabad Court. Now that is a view which is contested by a very able Judge of the Calcutta High Court, Mr. Justice Woodroffe, now, Sir John Woodroffe, I think. He was dealing with the case which my Honourable friend quoted, namely, *Annapurna Dasee v. Nalini Mohan Das*, 42, Calcutta, page 10. He there said on this point, and the House might well listen to it, as it will show more strongly than my Honourable friend put it what the point is in the Bill :

“As regards the objection which has been taken that such a procedure may lead to a multiplicity of suits, the answer appears to be twofold. In the first place, if the debt be due and the debtor be honest and solvent, he will pay on the production of a certificate for the grantee of the certificate can give him a valid discharge to the extent indicated by the instrument. There will be no necessity for a suit and the question of multiplicity upon which the learned Judges of the Allahabad High Court proceed will not arise at all. Next, if there is such a suit, it by no means follows that because a certificate may be given to recover a fractional share of a debt the principle of law which prohibits multiplicity of suits is in any way affected. We must distinguish between two separate things, one is the grant of a certificate and the other is the instituting of the suit.”

Now it is evident from the passage that I have read to the House that a very learned Judge of the Calcutta High Court has held it very necessary to go into considerable detail to explain how the objection of multiplicity did not really arise. The impression that it has left on my mind, therefore, is that there is a good deal to be said for the Allahabad ruling too, and I think it is a matter on which, although the Bill itself is a very simple one, we should have the opinions of the Allahabad High Court and other High Courts, and of the Local Governments. After all we cannot contend that this is a matter of great urgency. It is far more important that we should come to a right conclusion than a hasty one. It is not a Bill involving a constitutional or other issue, and the Government and the House can have only one wish and that is to get the best view on this small point of law. I hope, therefore, that the House will accept my motion that the Bill be circulated for the purpose of eliciting opinions thereon.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor : Non-Muhammadian Rural) : Sir, I do not oppose the motion of my Honourable friend, Maulvi Muhammad Yakub, to refer this Bill to a Select Committee, but only wish to add that if it goes to Select Committee only one point should be considered chiefly, that is the latter portion of the provision which he has made. The first portion is all right, but the latter portion is the very crux of the matter. The first portion is that applications may be made in respect of any debt or debts due to the deceased creditor or in respect of portions thereof. So far he carries out the principle of enabling

[Mr. C. Duraiswamy Aiyangar.]

parties to apply for portions of debts due to a deceased creditor. But I am unable to understand what he means by :

"But nothing herein contained shall be deemed to allow separate or successive applications being made in respect of portions of the same debt, whether by the same or a different heir."

Take the very example he has quoted. A person dies leaving two or three heirs. If one of those heirs obtains a succession certificate for the portion that is due to him, it means by the latter portion of his amendment that he debars other persons from claiming any portion of the debt at all. It is therefore a provision which harms the other shareholders by reason of the fact that one man has come in advance and asked for a certificate for the portion due to him. Therefore, the latter portion of the provision is very dangerous. There may be a case in which the interest on a loan may become due, while the principal is not due. I do not see why a person who obtains a succession certificate should apply for the entire debt, instead of applying for a portion of it, i.e., the interest alone, in the first instance. If he does so, is he to be barred from claiming the principal? There may be two or three different claimants to different shares of a debt, and they may obtain each according to his own convenience. One man should not bar another man. I therefore feel that the latter portion of the provision is dangerous, and if the Bill is referred to Select Committee, I hope that the members of the Select Committee will give their consideration to this point.

I do not approve of the dilatory motion of the Honourable the Home Member.

Mr. F. W. Allison (Bombay. Nominated Official). Sir, in rising to support the motion for circulation, I should like first of all to point out to the House that this is not a matter of any urgency. Undoubtedly the persons who are affected by these conflicting decisions have a grievance which appears to be reasonable on the face of it; but I would point out to the House that the later of these two conflicting decisions was passed in 1914, and this conflict of authority has been in existence for the last thirteen years. There is, therefore, no particular objection to the expenditure of a little time in accumulating the opinions of persons who ought to be consulted on a matter of this kind.

I think that probably some Members of the House, who are not members of the legal profession, are not very familiar with exactly what a succession certificate is. I should like to say, in a few words, what it is. Its usefulness occurs when a person dies leaving a debt due to him, or securities, which are to be realised by his representatives after his death, in such circumstances that it is by no means clear who is the person properly entitled to realise the securities; or when in the event of there being several people who might have some share in the property of the deceased, it is not certain what these shares are. In such circumstances the law allows a District Judge after some enquiry, which in practice often lasts only a few minutes, to issue a certificate to the person who, in his opinion, is the proper person to be allowed to collect the debt or securities. In practice by far the larger number of cases of this kind refer to two particular classes of debt, debts which become payable on the death of the person concerned. I refer to insurance policies, and to money standing to the credit of a man in

railway or Government or other service in the Provident Fund. A certificate is issued to enable some relation of the deceased to draw, either on his own account or on behalf of the family, the amount of the insurance policy or Provident Fund. In cases where the policy has not been assigned to any person, neither insurance company nor railway will pay without such a certificate.

It is important to remember that the whole object of the Succession Certificate Act, now incorporated in the Indian Succession Act of 1925, is to afford protection to a debtor for the payment of a debt. Suppose there were no succession certificates, an honest debtor might pay a debt that he owed to a deceased person to the person whom he quite wrongly thought was heir to the deceased and was entitled to receive it. If after a time some other person, a nearer relation perhaps, were to come forward and bring a suit against the estate to recover the debt, it would be no defence on his part to say that he had paid it to someone else. And the whole point of this Succession Certificate Act was to afford protection to the debtor, because once a debtor has paid a debt to a person who holds a certificate, then that debtor is for ever cleared of all liability. That is a point which I will say at once affords one reason why this Bill should be circulated for opinion. In the long list of cases which I have consulted on this point it so happens that generally speaking, the debtor himself, the person most principally concerned, has not been represented. It is perfectly true, as the Honourable the Home Member said, that in the Calcutta case of 1914 Mr Justice Woodroffe did discuss that point of view and came to the conclusion that probably there would be no detriment to the debtor if this principle of allowing a certificate for part of a debt was permitted. But it is possible there may be something to be said on the other side, and that is one of the reasons why circulation is indicated in this particular case. As I said Sir, nearly all these cases are concerned with application for certificates in respect of insurance policies or Provident Funds but there is a small class of case, important no doubt, which is entirely confined to the United Provinces. There from 1893 onwards we have a series of decisions of the Allahabad High Court in which it was held that a certificate could not be granted for a part of a debt. The latest of these decisions is in 1913, and in 1914 we have the conflicting decision of the Calcutta High Court. Apart from these decisions, with some industry I have been unable to find any other case in any other High Court in which this matter has been raised, and that, Sir, is a second reason why in my opinion this matter should be circulated for opinion in order that the other High Courts may have an opportunity of expressing their views, if they wish, on this Bill.

Maulvi Muhammad Yakub: Sir, as we get very few days to discuss non-official business in the House, I do now wish to detain the House any longer on this motion, although personally I would like very much to expedite the Bill and to support my motion that the Bill should go to a Select Committee; but as the trend of opinion seems to be that the Bill should be circulated for eliciting public opinion, I beg your leave to withdraw my motion and accept the amendment.

Mr. President: If the Honourable Member desires that the amendment should be carried, he should not withdraw the original motion but vote for the amendment when it is put.

Maulvi Muhammad Yakub: Then I accept the motion of the Honourable the Home Member.

Mr. President: The original question was :

"That the Bill further to amend the Indian Succession Act, 1925, be referred to a Select Committee consisting of the Honourable the Home Member, Mr. H. Tonkinson, Mr. M. A. Jinnah, Mr. Abdul Haye, Pandit Madan Mohan Malaviya, Mr. R. K. Shanmukham Chetty, Mr. Anwar-ul-Asim, and Maulvi Muhammad Yakub; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four."

Since which the following amendment has been moved :

"That the Bill be circulated for the purpose of eliciting opinions thereon."

The question I have to put is that that amendment be made.

The motion was adopted.

THE SOCIETIES REGISTRATION (AMENDMENT) BILL.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I rise to move that the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be taken into consideration.

In moving this motion I may as well offer a few brief observations. In the first place I would like to point out that this is a single clause Bill, small, innocent and non-contentious, and it may easily be accepted by anybody without demur or protest. It does not tread upon anybody's corns. It only seeks to enlarge the scope of the Act by adding two or three words which are clear in themselves and which are very useful as an addition to the Act. Even supposing the words suggested be considered superfluous, they are necessary to make the position clear. For I may at once tell the House that the Bill is not intended to tilt against a mere phantom of doubt; it is based upon a fact or two of actual experience. The experience is that in some cases registration has been refused by Registrars of Societies to bodies which should have obtained that registration without any objection. In the first place now I would like to tell this House what the Act is. I am not going to read the Act, but I will content myself with simply paying a tribute to the Act, and it is this. It is a very useful Act. It has helped many an institution in this country to be built up. The Act gives incorporated societies legal power to appoint their own government, hold their own property, perform their legal transactions, and even to provide for their own succession. The Act deliberately sets up a legal fiction, but that legal fiction works very useful wonders. If we look back upon the history of the different institutions in this country, it will have to be admitted that many of the institutions have come into being and have played their part in a useful manner simply because they could be incorporated under this Act. Now Government may perhaps stand up to grudge me this Bill because in their opinion the amendment of the Act has the effect of casting a reflection upon the discretion of the Registrars of Societies or the previous legislators who enacted the Act. But I at once assure the House that I am not proceeding with the Bill in any fault-finding spirit. As for the poor Registrars, they could not help, I think, doing what they did because the language of the Act is in itself extremely narrow; and, even the legislators who framed the original Act 70 years ago, I am not prepared to blame, because the time itself was such that there were no political institutions in existence or

political education. It was a time only for primary schools and a chance college or high school here and there, and also a time for small libraries called native General Libraries, patronised by grantees and officers and Europeans, containing a few books here and there, and crude museums which were set up for the enlightenment, as it was supposed, of the uneducated public. That was the mere beginning of public life in India; and I cannot blame the legislators of the time for omitting political education from the number of items that were actually mentioned in section 20 of the Act. But much water has flowed under the bridge since the original enactment of the Act and the present is a time when the whole atmosphere is surcharged with political spirit and political education. In fact, our present reforms and the future of responsible government is supposed to be built up on the solid foundation of political education, and now at any rate we must be prepared to rectify the previous errors. The legal clothes of the society must be made to suit the latest development of the body politic. Now look at section 20 of this Act. Section 20 reads:

"The following societies may be registered under this Act: charitable societies, the military orphan funds or societies established at the several presidencies of India, societies established for the promotion of science, literature, or the fine arts, for instruction, the diffusion of useful knowledge, the foundation or maintenance of libraries or reading rooms for general use among the members or open to the public, or public museums and galleries of paintings and other works of art, collections of natural history, mechanical and philosophical inventions, instruments or designs."

Now everyone I think will admit that this drafting of the section is absolutely hopeless. In my opinion it is neither a good logical definition nor a good logical division. It is a failure as an attempt either at complete enumeration or at complete generalisation. It is an odd mixture of particulars and generalities. The other day I read this section to a friend who was rather witty; and he said to me it was reminiscent to him, at any rate, of a Zoo rather than of Noah's Ark. He was right. For the noble Noah's Ark was at least thoroughly exhaustive in its contents, thoroughly representative of all the beings who were to be saved from the Flood. But this section has the funny appearance of a mere Zoo in which odds and ends of exhibits are displayed as they come to hand. He was right, because here you see military orphans popping up their heads against charitable institutions and mechanical designs and inventions. Obviously this is all very crude drafting of the section and it wants to be corrected. Now the Act does in the first place by its title provide for three things—literary, scientific and charitable societies. The preamble takes it a step further. It brings in fine arts and purposes other than charitable purposes; and the preamble is further amplified in section 20. But it is difficult to argue that political education can, by any stretch of imagination, be brought under any of the heads mentioned in section 20. Political associations have of course in their own way to do with literature. They issue political literature, but they cannot for that reason be called societies established for the promotion of literature. Politics in itself is a fine art, but a political association is not one established for the promotion of the fine arts. Politics again is a science, but a political association is not established for the promotion of science. Science there means natural science. Political bodies do indeed provide reading rooms and libraries as a necessary equipment of their business, and some political bodies may conceivably also concern themselves with paintings, picture galleries, busts and statues; but they concern themselves with these not as works of arts but as a source of political inspiration only.

[Mr. N. C. Kelkar.]

Now it only remains to consider one point. It may possibly be argued that political bodies may have their purposes served, so far funds are concerned, by Act VI of 1890; but if you look closely at the Act that misconception will be easily removed. It is no doubt an Act for the vesting and administration of property held in trust for charitable purposes; but in section 3 you at once see that it contemplates the creation of only a treasurer for such charitable funds and he in himself is a corporation sole. So that does not provide for any combination of individuals as a society. Now the only words that might appear to make my amendment superfluous are "diffusion of useful knowledge". Well, Sir, I wish that view were correct and could be upheld; but as I have already said the Bill is based upon a fact or two of experience which belie this interpretation. The Registrars might of course grant registration to political bodies wishing for registration on the assumption that they had to do with useful knowledge. But as I said, they refused registration in some cases, whether because they regarded political education as useless knowledge or perhaps as infernal knowledge, I don't know.

Now I turn to the two small amendments which I am proposing. First of all, I refer to the words "political education" which I am specifically suggesting to be inserted as an amendment. I do want political education to be recognised as one of the objects mentioned in section 20. Now by adding these words it may be said I am only adding one more category to this museum or zoo; but perhaps that is inevitable. We know that in Hindu society when one proceeds to break caste he is only proceeding in a manner which results in adding one more caste to society; but that is inevitable. If I suggest one more category it is because for my purpose it is necessary. If my purpose could be otherwise served I would not add to the difficulties of this section.

Then as for the second amendment, that should be really acceptable because the words are "any other purpose of public utility". That I suppose is a comprehensive enough term, and it would also cover the words "or political education" and the words "useful knowledge". But in order to clear all doubts I have added both the words "political education" and the words "any other purpose of public utility".

Sir, I said the Bill was based on one or two facts of experience. I may here relate a small joke which was current in Bombay and Poona about 20 years ago. The joke is this. About the year 1905 the late Mr. Gopal Krishna Gokhale founded the Servants of India Society. Now it happened that a Bombay Parsi merchant, with keen and lively business instincts, at once wrote to Mr. Gokhale congratulating him upon the brilliant idea of founding a society for supplying 'domestic servants'. Perhaps he himself was worried with domestic troubles like many of us, and he naturally looked upon Mr. Gokhale as a saviour to the contemporary generation of men distressed by the eternal problem of domestic servants. And I suppose he was also prepared to concede to Mr. Gokhale a patriotism large enough to provide domestic servants for the whole of India. When I heard that joke for the first time I said aloud to myself "Well, such is fame!" And that was the estimate which this Parsi gentleman had formed of the celebrated Mr. Gokhale. This of course is only the ridiculous aspect of the thing; but the serious aspect is this, that the Servants of India Society failed to secure registration at the hands of the Registrar, not in one but in two provinces. That is the fact upon which I want to lay stress. Now, if

Mr. Gokhale's Society had wanted to train cooks and scullions, and grooms and governesses, then perhaps he would have had no difficulty in getting his Society registered; but if instead of training governesses he was aspiring to train a few Governors at his Society then of course the trouble would come in and the Society could not be registered. There were many other

1 P.M. incidental disadvantages to the Society as my information goes, arising out of this refusal of registration, and that was the loss of the benefit of a number of annuities which they might have got if the Society was a registered one. But of course on that aspect of the question I am not going to lay any stress. I lay stress upon the right of political associations and bodies to get their registration. From these facts it will be seen that the Act does not provide for the registration of political bodies or associations, and it will at once be conceded that the amendment which I am seeking to make is essentially useful from that point of view.

Mr. President: Motion moved.

"That the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be taken into consideration"

Kumar Ganganand Sinha (Rahgalpur, Purnea and the Santhal Parganas: Non-Muhammadian): Sir, I have got an amendment, a very small amendment to this Bill

Mr. President: The amendment does not come in now. The motion for consideration of this Bill must be first carried before we come to amendments.

Kumar Ganganand Sinha: Sir, I give my wholehearted support to the motion before the House that the Bill be taken into consideration. I entirely agree with the sponsor of the Bill that the archaic provisions of the Act as it stands at present require a good deal of modification. I will move my amendment at the proper time and then say how I consider the Act to be defective. In the meanwhile I will content myself with giving my support to the present motion.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadian): Sir, I wish to offer a few observations in connection with the motion of my Honourable friend for taking into consideration the Act known as the Societies Registration Act, XXI of 1860

Mr. President: The motion is that this Bill be taken into consideration.

Sir Hari Singh Gour: Honourable Members will remember that this Bill re-enacts with certain omissions the Parliamentary Statute known as the Literary and Scientific Institutions Act, 1854 (17 and 18 Vict. cap. 112, and sections 20 *et seq.*). It does not purport to be a new Statute but the re-enactment of an old Statute. As such its purpose and object is defined and limited by the short title and the Preamble of the Act. The short title to which the Honourable the Mover of the motion has referred is "An Act for the registration of literary, scientific, and charitable institutions" thereby re-enacting the Parliamentary Statute of 1854. In the Preamble the purposes for which the Act was enacted are set out. They are five in number: first of all, promotion of literature; secondly, science; thirdly, fine arts; fourthly, useful knowledge; and fifthly, charitable purposes; and these are enumerated by way of greater caution in section 20 of the Act. If Honourable Members will turn to section 20 of the Act

[Sir Hari Singh Gour.]

they will find that these various enumerations fall under one or other of the main heads stated in the Preamble. As for instance, libraries and museums will come under the promotion of literature; galleries of paintings will come under science and fine arts under works of art; under useful knowledge comes natural history, mechanical and philosophic inventions, instruments or designs; and last of all we have charitable purposes under which come charitable societies, orphanages and certain existing societies safeguarded by that section. Reading as I do this Act, I find, that it has a very limited object and purpose in view; and it was to legalise by re-enactment certain societies and bodies and the promotion of certain classes of interests enumerated in the Preamble.

Now, the first question that occurs to me is this. With every sympathy for the enlargement of the scope of the Bill, how can I do so by adding to the categorisation in section 20, these two terms—"the diffusion of political knowledge and education", and "for any purposes of public utility." Now, if this Legislature were to tack on to the provisions of section 20 these words of sufficient amplitude to cover a wide field of activities, which may be classed under the head "any purpose of public utility", the result of it would be that the real object and scope of the Act itself, which is limited and defined by the Preamble, would be unduly enlarged; and I am afraid that if the matter ever went to the courts, the courts are likely to hold that this enlargement is not within the special provisions of the Societies Registration Act, the purpose of which is defined and limited by the Preamble. I should have thought, Sir, that if it was intended to extend the provisions of the Societies Registration Act to the two purposes mentioned in clause 2 of the Bill, that said purpose would be served by either revising the Preamble and then adding on to section 20 the two clauses which are sought to be added on to that section here.

Mr. O. Duralswamy Aiyangar: Is it my Honourable friend's view that the Preamble controls the Act to such an extent that, if it does not coincide with a section, the section becomes *ultra vires*?

Sir Hari Singh Gour: The Honourable Member, I think, is too astute a lawyer to think otherwise.

My next point is, as I was saying, that if any provision foreign to the main purpose of the Act is desired, we could have an independent Bill *ad hoc* dealing with these two clauses and the other provisions of the Societies Registration Act might have been assimilated to this new Bill. That is my technical suggestion. I quite recognise, Sir, the difficulty which the Honourable the Mover has, as I feel with him that it is a hardship that the Servants of India Society should be called upon to provide the public with domestic servants. At the same time I do not see how they could be refused registration under the Societies Registration Act, because I find that one of the purposes for which this Act was enacted was to encourage the dissemination of useful knowledge. And the dissemination of political education is, I venture to think, dissemination of a useful knowledge. Therefore, I submit that even under the existing Act it is possible to register societies constituted and formed for the sole purpose of diffusing political education. Now, Sir, if that were the only object, I have not the slightest doubt that I should wholeheartedly support my friend in spite

of some scruples of conscience from which I suffer where I should be able to add this clause to section 20 without revising the other corresponding clauses of the Bill. But when I deal with the next clause, namely, with the words "and for any other purpose of public utility", then I pause and consider what is "any other purpose of public utility." I do not see how it comes under any of the five main clauses, the purpose for which the Act itself was enacted in 1854 and re-enacted with certain omissions in 1860. I therefore ask the Honourable the Mover to enlighten me and to dispel the ignorance from which, Sir, I suffer, because, in the first place, I should like to have a definition of the words "public utility." Unless you define the purpose of "public utility", you will be using terms and importing them into an Act of the Indian Legislature which is likely to cause considerable difficulty in practice.

My second submission is that, assume for the sake of argument, that we allow an extremely vague, ambiguous, and I venture to submit, diffuse term to get into this Act, how is it likely to promote the real object which the Honourable the Mover has in view, that these societies must be registered? My friend said that when he was drafting this Bill his primary concern was to extend its provisions to societies constituted for the diffusion of political education, but he thought at the same time that he might kill two birds with one stone, and therefore he has added clause (b) without sufficient advertence I venture to submit, to the real purpose he had in view, and I submit that in cases of this kind simply putting into an Act of the Legislature phrases of this character leads to the protraction of litigation and difficulties of construction, and I therefore submit, that they cause confusion in the interpretation of an Act which must be perspicacious and clear to the layman who reads it. It is certainly not clear to me, and I think, it was not clear to the Honourable the Mover, because he has himself said that as he was drafting this Bill he thought that it would serve some sort of purpose, some useful purpose, in the near or distant future, the character of which he had not clearly perceived or visualised by adding these words to section 20.

Now I submit, Sir, that the Legislature must be extremely careful in selecting its language and not use one word, one comma or colon, the meaning and extent of which it does not appreciate and understand, and I for one would be most reluctant to vote for clause (b) unless, Sir, my mental ignorance is dissipated by a clearer enunciation of the meaning and purpose for which this clause was enacted. On the whole, Sir, having given such consideration as I can to the Honourable the Mover, and after giving him credit for being the Mover of the Bill, and at the same time my utmost sympathy for clause (a) and my desire to insert it in section 20, I would suggest, that the best course for the Honourable the Mover is to commit his Bill to a Select Committee where the whole question can be threshed out, and the suggestions I have made considered.

Sir, I move that the Bill be referred to a Select Committee.

Mr. M. S. Aney (Barar Representative) Sir, I had no mind to intervene in this debate at all but for the extraordinary speech which my learned friend has just made. He has his own difficulties, and I believe if he had been so inclined, he could have himself solved his difficulties. The real difficulty that he wanted to urge on this House was that clause (b) was likely to introduce a matter into this Bill which was evidently, according to him, outside the scope of the original Act. That is the sum and

[Mr. M. S. Aney.]

substance of his objection. As a lawyer, I believe he should not have found any difficulty whatever in interpreting the words "for any other purpose of public utility", because I believe, more than anybody else in this House, he is aware of the well known legal maxim '*eiusdem generis*'. The words "any other purpose of public utility", if there is an occasion for interpreting them at all, would be interpreted to mean only any other purpose of public utility such as has been contemplated by the Act. The principle of *eiusdem generis* would certainly apply, and there will be no difficulty for anybody who has to interpret these words or to administer this Act to find out whether the particular purpose for which the registration of a body will be sought will come within the scope of the Act or not. When there are so many categories of objects mentioned, it would not be difficult for the officer who has to administer this Act to find out whether a particular society, which has as its object or purpose some definite public utility described therein, comes within the five objects or the five purposes mentioned in the Act or not. It is a matter of common sense, and there is no necessity for giving any definition of the words "public utility", because the words obviously mean such public utility as has been contemplated by the law, and in keeping with other purposes specifically mentioned before. The object of the insertion of the words "any other purpose" is to show that the list of the institutions given in section 70 is not exhaustive but only illustrative. That is the only object. If that particular view is taken into consideration, the difficulty which my learned friend finds in accepting clause (b) and consequently in accepting the whole section, in spite of his considered opinion that sub-clause (a) of that section is necessary will be at once obviated. And I therefore think that there is no reason for taking this small matter to a Select Committee and devoting one or two days or even a few hours to consider whether these words should remain or some other words should be introduced. That can be done on the floor of the House even if necessary. On taking this point of view into its consideration, I believe the House will see that it is another unnecessary dilatory motion which he has suggested to-day. I therefore support the original proposition.

The Honourable Sir Alexander Muddiman (Home Member). Sir, let me assure my Honourable friend who moved this Bill that I am not going to oppose it, that I am also very anxious for the diffusion of political education, and if the law does not allow societies with such an aim to be incorporated, I should be the first to desire to help them. But I take it that the real object of my Honourable friend in bringing his Bill forward is not so much to promote that diffusion of political education as to enable those bodies which are engaged in this missionary task to obtain some form of corporate existence which would enable them to have a corporate being to hold property and to have a corporate entity of their own. That, I take it, is the real object behind his motion. He tells us that a very well known society, the Servants of India, were unable to obtain registration under that somewhat ancient Act of 1860. My Honourable friend passed severe strictures on the draftsmen of that Act. Well, Sir, it is many years ago and these gentlemen who sit behind me will have their withers entirely unwrung. They must have all passed over to the great majority. It was in fact a copy of an English Act and the amendment which my Honourable friend has brought forward is itself not altogether

impeccable. I will not criticise it at this stage because we are merely dealing with the principles of the Bill which is to enable this particular class of society to get some form of incorporation. With that principle, I am in entire sympathy. I think registered societies of that character might be extremely valuable, but, Sir, I have a doubt and it is mainly a legal doubt. And I should like to submit it to my Honourable friend and I shall await his answer with interest. As my Honourable friend knows, two years after the passing of the Literary and Scientific Institution, the Companies Act was passed and that Act with its various amendments is now the Indian Companies Act, Act VII of 1913. Now, the doubt I have is: is it not possible for a society such as my Honourable friend contemplates to be incorporated under the far better provisions, the far more full provisions of the Indian Companies Act rather than to be incorporated under the rather out-of-date and antiquated provisions of the Act which he seeks to amend? And if it is a fact—there are many lawyers in this House who will help in this—if it is a fact that a body of that kind can be incorporated under that Act, is not my Honourable friend's difficulty already met under that Act?

Mr. N. O. Kelkar: Under what section?

The Honourable Sir Alexander Muddiman: I would ask my Honourable friend first of all—has he ever attempted to get his society registered under the Companies Act?

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadian Rural): May I answer that question? We have tried to get the Servants of India Society registered under the Charitable Societies Act of 1860, but not under the Indian Companies Act.

The Honourable Sir Alexander Muddiman: I am much obliged to my Honourable friend. Therefore, the point really has never been tested under the Companies Act. Well, my Honourable friend says: Under what section? As he is a lawyer, he is well aware that under section 5 of the Act you can form an incorporated company. If you form a public company, you must have 7 people. If you want a private company, you must have two or more, and you can form a company for any lawful object. There is no restriction. It is very wide indeed and the diffusion of political education must be a lawful object. Therefore, there would be no difficulty, one would think under that section, to get such a society registered under the Companies Act. If it may be urged that the Servants of India Society would not like to follow that course because it would involve their having "Limited" put after their name, I think I am right in saying that there are certain provisions in the Companies Act which will enable them to avoid that if they don't apply their profits to any other objects than their own aims.

Mr. N. O. Kelkar: You mean section 26?

The Honourable Sir Alexander Muddiman: Yes, section 26. Now, Sir, and that is the doubt I have. I don't want to oppose the principle of the Bill. I am in sympathy with the Bill. I don't want to oppose the drafting, because the House will have ample opportunity of doing that when the motion for consideration is put and my friend, Sir Hari Singh Gour, will then be able to again urge the arguments which he might have

[Sir Alexander Muddiman.]

deferred until we came to the clause by clause consideration. I am quite prepared to accept, as far as I am concerned, the motion that the Bill be taken into consideration.

Mr. N. O. Kelkar: Sir, with regard to the remarks of Sir Hari Singh Gour, of course, I admit my inability to dispel his ignorance, for two reasons. First, in many cases, there is no real ignorance; he only pretends it. And in other cases, when there is ignorance, it is so dense that it is impossible to remove it. Now, I would say only this about the motion that he has made. If he was really, if I am to suppose that he was really, actuated by a spirit of friendliness in his attempt to make that suggestion, why did he not himself give that amendment before? If he wanted really to help me, there was time enough to send in an amendment so that his amendment could have been accepted. I had no objection to accepting it—and that amendment being made, of course my purpose would have been served. But instead of sending in that amendment in good time, he now stands up and makes a difficulty. Therefore, I think that he is not actuated by a spirit of friendliness towards one part at least of the Bill. Then, he says, it is confusing to have the words "public utility" in the Act. But I would only ask him to put the words "public utility" side by side with "useful knowledge" and I would ask him to make a choice as to which would be really more confusing. Both the expressions are so broad in their application that it is very difficult to choose so far as the difficulty of confusion is concerned. And if he can accept the words of section 20, namely "useful knowledge" as not causing confusion, he should similarly be prepared to accept my words "public utility" as also not causing confusion.

Then, with regard to the observation made by my friend, Sir Alexander Muddiman, he said that political education was not the real object, but incorporation was the real object. Well, I really object to that. Why should he assume that a corporation which wants to set itself up as a political body intending to give political education to society and doing political propaganda over the country, why should he assume that it is not one of the objects of a political association to give political education?

The Honourable Sir Alexander Muddiman: My Honourable friend has misunderstood me entirely. What I said was that your object was to get an incorporated institution. There is nothing to prevent the diffusion of political education by an unincorporated association. I understood what you want is incorporation. The Honourable Member, I think, has misunderstood my point.

Mr. N. O. Kelkar: Then, with regard to the suggestion that a society like that should seek registration under the Companies Act, I shall simply characterise it as fantastic. In the first place, you will see, Sir, that the societies mentioned under section 5 of the Companies Act are supposed to be societies concerning themselves in pounds, shillings and pence, in business.

The Honourable Sir Alexander Muddiman: Not in the least.

Mr. N. O. Kelkar: You read "Company having the liability of its members limited", but "in the case of an association like the one I have in mind there is no question of limited or unlimited liability. As I pointed out in my first speech, exercising the four functions or privileges which

incorporation gives, namely of holding corporate property, running a corporate government . . .

Mr. M. R. Jayakar (Bombay City: Non-Muhammadian Urban): Sir, on a point of information. May I invite the Honourable the Home Member's attention to clause 14 of the Societies Registration Act?

Mr. President: Order, order. The Honourable Member is not entitled to make a speech at this stage.

Mr. M. R. Jayakar: I am merely asking the Honourable Member's attention to a point which he raised—whether such a society could not without difficulty be incorporated under the Companies Act.

The Honourable Sir Alexander Muddiman: I think it is an irregular method of doing it.

Mr. President: The Honourable Mr. Kelkar will please proceed with his reply.

Mr. N. O. Kelkar: That at least is my view that the Companies to be registered under the Companies Act are principally intended to be Companies concerning themselves with some kind of business or another. There must be profit in the business; that seems to be an essential idea; whether that profit is not ultimately appropriated for selfish purposes or spent on public purposes is another matter. But in the idea itself of companies registered under the Act, there is pounds, shillings and pence. Whereas that is not the case with the kind of societies with which we are concerned. Now, if that could really serve the purpose not only for political associations and bodies but for all those kinds of associations which are mentioned in section 20 of the Registration Act then why was not this Act repealed? I do not think the Legislature ever intends to keep two enabling parallel Statutes on the record at the same time. If, as my Honourable friend points out, the real purpose of the kind of society I am thinking of would be served by the Companies Act, then at the end of the Companies Act a repeal of the Societies Registration Act should have been actually enacted. But that enactment is kept alive, and my contention is that a society like the one I am contemplating must be put on the same righteous level as the societies mentioned in section 20 and not on the same sordid level as the societies contemplated under the Companies Act.

Then, with regard to section 26, I will just read the whole of the section to convince the House that the suggestion is simply absurd, and that no society like the one I have in mind would go in for registration under that section. The House will bear with me while I read the whole of section 26:

“(1) Where it is proved to the satisfaction of the Local Government that an association capable of being formed as a limited company has been or is about to be formed for promoting commerce, art, science, charity, or any other useful object, and applies or intends to apply its profits, if any (*mind you, profits in the first place*) or other income in promoting its objects, and to prohibit the payment of any dividend to its members (*mark the word 'dividend'*), the Local Government may, by license under the hand of one of its Secretaries, direct that the association be registered as a company with limited liability, without the addition of the word ‘Limited’ to its name, and the association may be registered accordingly.

(2) A license by the Local Government under this section may be granted on such conditions and subject to such regulations as the Local Government thinks fit, and those conditions and regulations shall be binding on the association, and shall, if the Local Government so directs, be inserted in the memorandum and articles, or in one of those documents.

[Mr. N. C. Kelkar.]

(3) The association shall, on registration, enjoy all the privileges of limited companies, and be subject to all their obligations, except those of using the word 'Limited' as any part of its name, and of publishing its name and of filing lists of members and directors and managers with the registrar.

(4) A license under this section may at any time be revoked (*these words should be marked*), a license under this section may at any time be revoked—by the Local Government and upon revocation the Registrar shall enter the word 'Limited' at the end of the name of the association upon the register, and the association shall cease to enjoy the exemptions and privileges granted by this section :

Provided that, before a license is so revoked, etc."

Now, I ask any fair-minded Member of this House whether that is a section under which any spirited or self-respecting political society or association would like itself to be registered when there is that other Act available.

Mr. H. G. Cooke (Bombay: European): Is the Honourable Member aware that the European Association is registered under this Act?

Mr. N. C. Kelkar: I do not know. I cannot speak for the sentiments of the European Association. I suspect that their Association is primarily concerned with pounds, shillings and pence. (*Some Honourable Members*: "No, no.") I have not got that sordid idea at any rate of political bodies which seek registration in India for political propaganda and work. I can never think even of the European Association without that underlying thought of pounds, shillings and pence. If there are two parallel enactments available to them and if they go to the other Act I can at once see that they intend to be a limited company with some business in hand, though of course with the ultimate charitable purpose of appropriating some of the profits for a public purpose. That is another thing. The kind of society I have in mind differs in essentials from the kind of society contemplated under section 20. I think it is absolutely an insult to the societies which I have got in my mind and an insult to the intelligence of this House for the Honourable the Home Member to suggest that the kind of associations which I have in view should get themselves registered under the Companies Act. Of course he has asked why the Servants of India Society did not register itself under that Act. I think if he seriously puts that question he will get an answer which will ring in his ears.

The Honourable Mr. S. R. Das (Law Member): The answer is that they never thought of it.

(Mr. President then rose to put the question.)

The Honourable Sir Alexander Muddiman: I should like to reply, Sir, I fear at some length.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, the following Message has been received from the Secretary of the Council of State:

"I am directed to inform the Legislative Assembly that the following motion was carried in the Council of State at their meeting held on the 15th of February 1927 and

to request the concurrence of the Legislative Assembly in the recommendation contained therein.

‘That this Council do recommend to the Legislative Assembly that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India be referred to a Joint Committee of this Council and of the Legislative Assembly and that the Joint Committee do consist of twelve members.’”

THE SOCIETIES REGISTRATION (AMENDMENT) BILL—*contd.*

The Honourable Sir Alexander Muddiman: Sir, I am indeed a very unfortunate man. (*An Honourable Member:* “Are you?”) I spent some time this morning in endeavouring to help my Honourable friend, Mr. Kelkar. I endeavoured to show him that I had great sympathy for him. Not only that, but I frankly appreciated his difficulties; and, Sir, what is the result? He returned to me a most disappointing answer. He found in my legitimate criticism of a possible legal point that the position was so serious that when the Home Member gave that reply it would ring in the ears of India. Sir this is a smallish Bill, if I may say so, to give such remarkable results whatever my reply had been.

Now, Sir, I should like to tell the House that I did not take my Honourable friend Mr. Kelkar by surprise. I did not spring this point about the Company law upon him without having warned him. I had some conversation with him and he was aware of the point and I thought that he would have welcomed this discussion and would have overwhelmed me with his knowledge, doubtless much greater than mine, of the Company law. It is true I did draft the Indian Companies Act; still there is no reason why I should claim to know much about it. Well, Sir, the only difference really between us is whether in suggesting to him that the Servants of India Society that well known and important society, might register itself under the Companies Act and thereby avoid the trouble they find themselves in I was making any unreasonable or any improper suggestion. Now, Sir, I must beg the House to believe me that I was in perfect good faith when I made the suggestion. I was making a very serious suggestion. My Honourable friend, Mr. Kelkar, told us that no respectable non-trading society would care to be registered under the Companies Act. My Honourable friend Mr. Cocke interrupting instanced the case of the European Association. Well, Sir, perhaps he was unfortunate in suggesting the European Association in this House, but still to my mind it is a very respectable association. But perhaps my Honourable friend will permit me to say that I have in my hand a list of one or two associations which have been registered under the Companies Act and I think my Honourable friend will agree that they are societies that are certainly respectable. One is a religious society, the Indian Catholic Association of Southern India. That appears to be a very respectable society.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): They have their own troubles.

The Honourable Sir Alexander Muddiman: My Honourable friend will probably bear me out and I shall expect his support on that point as to the next two societies, the King Edward Educational Society which apparently operates in Canara and the Nursing Association which operates in Madras. Therefore, there is no slur in the suggestion that a society should register itself under the Company law.

Pandit Hirday Nath Kunru: May I put a question to the Honourable Member? Perhaps he would reply to it at this stage. Does he consider whether, if the Servants of India Society, for instance, is registered under the Indian Companies Act, it would be exempt from the payment of income-tax?

The Honourable Sir Alexander Muddiman: I should certainly deprecate, in the absence of my Honourable friend Sir Basil Blackett, any suggestion that any society which has an income should be exempt from income-tax, and I am sure this House would be inclined to take that view also. I was developing the point that really there is nothing derogatory in the suggestion that a society should register itself under the Companies Act. My Honourable friend made a point that the Companies Act really is one only for the sordid associations which care for nothing but rupees, annas and pies, and that, if you register yourself under that, after all you can have no really high ideals and it would be a slur on that society which does such admirable work in India and which is so ably represented in this House to trust the Companies Act. My Honourable friend read—and I will not weary the House by again reading—section 26 of the Companies Act, but I should have thought it was a refutation of his own contention, because there you have the Act referring to associations formed for promoting commerce (there you have the rupees certainly), art, science, religion, charity or any other useful object. The Act itself contemplates these societies. My Honourable friend Mr. Jayakar with very great courtesy came to me after the debate was over and suggested to me his point in connection with section 14 of the Societies Registration Act. I am much obliged to him for doing so, because it gives me an opportunity of dealing with what I am sure he must feel a difficulty. He referred me to section 14 of the Act which provides for what is to happen on dissolution of a society and he said rightly—I saw his point—“Here you are, there is a great difference in the Companies Act. If one of these societies is dissolved, you apply the Cypres’ doctrine of trustee-ship.” But that is met quite easily in the case of registration of societies under the Companies Act, because a society of the class we have in mind would naturally also make provision for that in its own articles. I understand that in fact it is the practice for Charitable Societies registered under the Companies Act, to provide that after liquidating their debts, I suppose my Honourable friend will admit that even the Servants of India Society would have to pay their debts—after liquidating their debts, the surplus of the assets on a liquidation should be applied on the same sort of doctrine as you have under section 14. That, Sir, is the answer on that point. Well, Sir, I think I have really been rather confirmed—I am sorry to have to say so—rather confirmed in the view I originally took, but it would be quite possible and not derogatory and perhaps even useful for the Servants of India Society to come under the Companies Act and I will explain why; for this reason that the Societies Registration Act, as my Honourable friend pointed out and rightly pointed out, is a very antiquated Act and is deficient in procedure. For example, it does not contain those meticulous requirements as to accounts which are insisted on in the Companies Act, and is in many ways calculated to secure better provision for the objects of the society and to prevent the funds of a society from being diverted from their proper channels. I had to make this rather long reply to clear myself of the charge, a rather unreasonable charge considering that I was trying to help the Honourable Member, of making a suggestion that was fantastic. Surely if there was any fantasy,

it was his own. I think my suggestion that societies should register under the Companies Act a very proper and reasonable suggestion, and one that should be considered.

I will not oppose the consideration motion at this stage, but if I am advised by competent legal authority at a further stage that registration can and ought to be effected under the Companies Act, I may take action in another place.

Mr. President: The original question was:

"That the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be taken into consideration."

Since which an amendment has been moved:

"That the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be referred to a Select Committee."

The question I have to put is that that amendment be made.

The motion was negatived.

Mr. President: The question then is:

"That the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be taken into consideration."

The motion was adopted.

Mr. President: Clause 2.

(On Kunnar Gangumand Sinha rising to move his amendments.)

The Honourable Sir Alexander Muddiman: Sir, on a point of order—I should dislike exceedingly to object on an unnecessary point of order—but I only received the amendments that appear in the Honourable Member's name this morning. If it were only an amendment of substance I would not object, but I understand that the amendment is of some importance as it may raise a question of sanction. I therefore object on the ground that I have not had sufficient time to consider the amendments.

Mr. President: Under the circumstances, the Chair is not disposed to suspend the Standing Order to enable the Honourable Member to move his amendment.

Mr. S. Sriuvasa Iyengar (Madras City: Non-Muhammadan Urban): Sir, while approving of this section, I wish to point out that really the Indian Companies Act does not at all apply to the cases which were put forward as cases requiring special registration by my Honourable friend, Mr. Kelkar. The Companies Act no doubt allows any company to be formed for any lawful purpose, and prohibits certain companies being formed without registration, unless they carry on business for the purpose of gain. It does not mean that companies cannot be formed for a lawful purpose. The whole object of such associations as were referred to in Mr. Kelkar's speech is to get them registered and to give them a *quasi-corporate* existence for certain legal purposes, and that can be achieved much more easily by the compendious procedure indicated by that antiquated Act than by the elaborate provisions of the Companies Act. No doubt it is open to those associations who wish to dedicate their profits and income to charitable objects to avail themselves of the provisions of section 26 of the Companies Act, but still those companies must be associations capable of being formed as limited companies. They are only capable of being formed as limited companies when there is a share capital or other requirements.

[Mr. S. Srinivasa Iyengar.]

I do not know about the Servants of India Society, but there are many societies formed for political purposes which cannot have a share capital. It is therefore impossible that these associations can be registered under the Companies Act, and even if some of them by having a share capital could be registered under the Companies Act, it is most inexpedient that they should be governed by the Companies Act, which would frustrate the objects of summary registration. I don't think that political associations do require registration. Speaking for myself I do not desire that such associations should have this kind of statutory recognition. I would desire that they be free of these entanglements. They will be otherwise compelled to submit accounts and to be supervised by Government Departments. That is a matter of detail. There are however some political associations which may require to have the benefit of this registration, and I don't see why they should be prevented from having the benefits of that registration. I do not believe it necessary that political associations should be registered in this country, having regard to the present system of Government.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

Mr. N. O. Kelkar: Sir, I move that the Bill be passed.

The Honourable Sir Alexander Muddiman: Sir, I have only one observation to make, and that is that my Honourable friend, the late Advocate General of Madras, tells us he is against political societies being given corporate existence. I would ask him with the authority of his great experience of law to tell the House how they can hold property if they are not incorporated.

Mr. President: The question is:

"That the Bill further to amend the Societies Registration Act, 1860, for certain purposes, be passed."

The motion was adopted.

THE LAND ACQUISITION (AMENDMENT) BILL

Mr. N. O. Kelkar (Bombay Central Division · Non-Muhammadan Rural): Sir, I beg to move that the Bill to amend the Land Acquisition Act, 1894, for certain purposes, be circulated for the purpose of eliciting opinions thereon.

Sir, on this subject the preliminary remarks that I had to make were made in my last speech on the last occasion, of course not knowing at that stage that a convention was being established that Bills should not be opposed by Government at the time of introduction. At any rate what I had to say has been said before; therefore I do not wish to take up the time of this House by making further remarks.

What I wish to say at this stage is that the motion I am moving is an absolutely modest one. I recognise this fact that it is no use winning this Bill by a snatch victory or losing it by a snatch defeat. There are many points in this Bill which may be contentious, and I can quite conceive an honest difference of opinion in regard to some of the points. I am personally convinced of the reasonableness of my points, but that is not the whole thing. Many associations and public bodies who are interested in

land acquisition, may have got other views on the subject, and it is therefore absolutely reasonable that we should hear views from all sides before going to Select Committee and pressing my amendments. I am certain that the Bill will come back with a large body of opinion in my favour. Then I will move that it should be sent to a Select Committee. In the meanwhile I would only say that my motion being one for its circulation, I trust that the Government will not need to oppose it at this stage. I do not expect them to send it abroad with a blessing, but I hope that they will not send it out with a curse. I therefore move that my motion should be accepted.

Mr. J. W. Bhore (Secretary, Education, Health and Lands): Sir, I am glad that my Honourable friend has asked for circulation, for I am afraid Government would have had to oppose any other motion. The changes which this Bill seeks to bring about are of a somewhat revolutionary character, and before this House is in a position to address itself to their closer examination, as my Honourable friend quite rightly remarked, it should be in possession of the criticism of bodies who will primarily be affected by these changes and of authorities and individuals whose experience of land acquisition practice and procedure must be of great value in assisting this House to come to correct conclusions. As my Honourable friend Mr. Kelkar has remarked, it is not merely Local Governments that are interested. Local bodies, municipalities, railways and companies are all intimately concerned, and I feel that they should be given the fullest possible opportunity for the free expression of their views before the House goes further into this measure. But I think, Sir, it is necessary that I should take this opportunity of indicating the objections and I may say they are serious objections, which Government see to this measure. I shall try and confine myself as far as possible to the general features of this Bill and refer only to individual provisions so far as this may be necessary to facilitate reference to and illustrate the general principles involved.

The first important feature of this Bill, Sir, is that it substitutes judicial courts and provincial Legislative Councils for Local Governments as judges of what constitutes a public purpose within the meaning of the Act and of the need for the compulsory acquisition of property for that purpose. Let me take first the question of judicial courts. I contend that a judicial court is not and cannot be as good a judge of public needs as a Provincial Government because it cannot possess that wide administrative experience and knowledge which is necessary to assess fairly and justly public needs and requirements. Then, Sir, I speak under correction, it seems to me that no judicial court has anywhere been invested with the power of final decision on this question. I say final decision because, as far as I can see from the Act, there is no provision for appeal from the decision of the district court on this point.

Now, Sir, let us come to local Legislative Councils and the part they are destined to play in this land acquisition drama which my Honourable friend proposes to stage. Let me read sub-clause (2) of clause 6 of the Bill. It runs as follows:

"Provided also that no such declaration (namely, a declaration that the purpose is a public purpose) shall be made unless the purpose for which the land may be needed to be acquired has been approved as a public purpose by a specific resolution of the Legislative Council of the Province in which the land may be situated."

[Mr. J. W. Bhora.]

From the dim memories of my past district experience, let me resuscitate the recollection of a case in which I once acquired for a certain municipality, let us call it A, 3 cents of land for a public latrine. I venture modestly to suggest that I did my work fairly and expeditiously, and in a very short time, a matter of days, the inhabitants of the town of A were blessed with the convenience desired. Now, what would happen if my Honourable friend has his way? The town of A might clamour for its latrine, but not a little finger could be raised to satisfy that clamour or that need until, to use the words of the Bill, the purpose for which the land was required had been approved as a public purpose by a specific resolution of the Legislative Council of the Province. It might well be, Sir, that the Council might not be in Session at the time the proposal was advanced. That would mean an initial delay amounting in some cases perhaps to months. Then, Sir, when the question came before the Council there might be a debate and in the end you might perhaps get your specific resolution declaring that a public latrine was a public purpose within the meaning of the Act. But, Sir, you would merely by this resolution be authorised to set in motion the further cumbersome procedure demanded by this Bill. In the meantime, Sir, what happens to the town of A? The convenience and desire of the town of A, the urgent needs of public health and sanitation, what happens to them? That, Sir, seems to me to be a serious demerit of this Bill. As for the grievous waste of a Council's time which this proposal must involve I need say nothing. It must be obvious.

Then, Sir, I come to the second important feature of this Bill and that is the institution of boards of arbitration, normally elected by both parties to the dispute. The present procedure in acquisition cases is briefly as follows. The Collector investigates a case fully; he then proceeds to make an award and if the party interested is not satisfied with that award, he may require that the case be remitted for the consideration of the Court, the court being defined as the principal civil court of original jurisdiction. There is an appeal from the award of the Court or from any part of that award, subject to the provisions of the Civil Procedure Code, to the High Court and eventually to His Majesty in Council. Now, Sir, what does the Bill propose to do? It proposes to interpose a court of arbitration between the award of the Collector and the appeal to the district court. The procedure will be as follows. The Collector makes his award. If a party is not satisfied with that award, he may ask for a board of arbitration. After this body, with the inevitable delays which must attend upon its processes, has functioned, there still lies an appeal to the district court and eventually to the High Court. With all due deference to my friend, I fail to see any possible advantage in this procedure. On the contrary there seem to me to be grave disadvantages in the procedure which he has suggested. It is slow, it is cumbersome, it must be more costly, and it does not provide to my mind any additional safeguard more effective and more efficient than is provided under the existing law.

Then, Sir, I come to the third main feature of this Bill

Mr. President: Order, order. The Honourable Member was arguing as if he was opposing the motion for circulating this Bill. The Honourable Member knows that the only motion before the House is that the Bill be circulated for eliciting opinions, and that motion, if carried, does not

commit this House or Government to any principle contained therein. I could quite understand the Honourable Member's speech if there was also a motion for reference of this Bill to Select Committee. Then it would be perfectly open to him to go into the principles of the Bill and discuss them at length as the Honourable Member is now doing. I would like the Honourable Members to be as brief as possible on this motion. They are entitled to state their objections to the Bill, but they need not enter into a lengthy discussion of the details of those objections.

Mr. J. W. Bhore: I take it, Sir, that you do not object to my statement of the Government objections to this measure. I am perfectly within my right, I take it, in bringing those objections to the notice of the House before circulation. I shall, however, try and be as brief as possible in deference to your ruling, though this must handicap my exposition of the Government case.

I said the third important feature was the compulsory provision of land or housing accommodation in certain cases to individuals who were dispossessed under land acquisition proceedings. The language used in clause 11 is that provision shall be made "for the housing of evicted persons suitable to their position in life or for securing to them approximately the same convenience and comfort as was available, etc.". Now, Sir, I think this is dangerously loose language, and it must lead us into grave difficulties. As the Chair has ruled that I should not go into any detail I refrain from pointing out in what particulars and for what reasons I consider the language dangerous.

The next main features of the Bill are embodied in those provisions restricting the extension of the benefits of this Act to certain companies and restricting the power of Government—both the Government of India and the Local Governments—to enter into agreements with companies to provide land for their purposes. I would merely point out that these restrictions may result in grave obstacles being placed in the way of industrial and economic development.

There is only one other point that I would like to refer to before I close and that is in clause 17. Clause 17 provides that in the assessment of compensation due regard should be paid to "the special adaptability of the land for any potential use or improvement." Sir, I hesitate to believe that my Honourable friend has really carefully examined the implications of those words.

Sir, I could, if I had time, continue this tale of my objections because as far as I can see clause after clause of this Bill simply bristles with difficulties. But I think I have said enough to justify my suggestion that the Honourable the Mover of this Bill has failed to realise the full implications of all its provisions, and I hope that that will to some extent be remedied when circulation has taken place.

Mr. H. C. Greenfield (Central Provinces, Nominated Official): Sir I find myself in some difficulty in rising to say anything about this Bill in view of your ruling that we must be as brief as possible because the Bill is only proposed to be circulated for the purpose of eliciting opinion. I take it, however, Sir, that when a Bill is to be circulated for eliciting opinion it is only fair that we and the country should know exactly what is the intention of the Mover of the Bill and what generally is the attitude, certainly of the Government towards it, and of the Mover and those whom he represents, and possibly also of other parties. I am not familiar, Sir, with the procedure of this House but I seem to remember the other day, when we

[Mr. H. C. Greenfield.]

were discussing another Bill, that one Member said it was necessary to give a lead to the country on a Bill of any importance.

I had intended, Sir, to discuss this Bill in three aspects. The Bill roughly speaking may be divided into three parts. First, there is a very small clause having a certain effect on industry. Then there are a number of clauses which affect the machinery for administering the Act. And lastly, there are some clauses which deal with the extent and character of compensation. Now, Sir, the difficulty that I find and that I think people outside this House will find in considering this Bill is that the Honourable Mover in his speech made when he introduced the Bill, and also in the Statement of Objects and Reasons, has not clearly indicated the intention underlying all the provisions or even the main provisions of this Bill. Take for instance clause 2 which affects industry. That amends section 3 of the Act which deals with acquisition on behalf of companies, and as I understand it, it is now proposed by this clause to limit the application of the Act to what we may describe briefly as indigenous companies. I should have been inclined to think that this clause had slipped in accidentally because, as I have said, there is no mention of it in the Statement of Objects and Reasons; there was, so far as I have read, no mention of it in the Honourable Mover's speech, and I had hoped, Sir, that to-day I should at least have heard what was the intention underlying it. I had hoped, Sir, that the Honourable Mover would remember that many of us are new Members of this body and we can hardly be expected to know all that has taken place before in it. It was, Sir, I might say a mere accident that I discovered that such a body as the External Capital Committee had ever existed or had ever dealt with this matter. It is of course within the recollection of some Members of this House because there are at least two Members who are now in the House or at least are Members of the House, who represented the House on this Committee. If I understand this clause aright, it attempts to discriminate against companies which were previously included in section 3 of the Land Acquisition Act and which therefore had the right to acquire land under that Act in this country. Now, Sir, surely that involves a very important principle. It is a matter which is dealt with at some length by the External Capital Committee. In order to be brief I will merely refer to their summary of recommendations* in which they say :

"Though in certain circumstances the control of external capital may be necessary in the interests of India, general measures discriminating against it or penalising it either by way of taxation or by way of control would, so far from assisting the development of these sources or fostering the interests of the Indian investor, be definitely injurious to both, as they would impede the growth of new industries and restrict the transferability and consequently the market value of the holdings of the Indian investor."

I am well aware, Sir, that the Report of that Committee does not represent all opinions in this House. But I do suggest and I think the House will agree that this involves a principle of very great importance; it involves a principle which will affect the relations of this country, the attitude of this country towards external capital; and whether this House is of opinion that external capital should be discouraged or encouraged, it is a matter which requires very full discussion, and to introduce it almost as a side issue, as

*Quoted from Part III, Para. III, p. 15, Report of the External Capital Committee, 1925.

if by an accident in a Bill of this nature, is, I submit, not the proper way to deal with it; and I suggest, Sir, that even if it were proper to introduce it in this way, seeing that it does go outside the usual scope, the normal scope, of the Land Acquisition Act, we might have expected the Honourable Mover to have made some mention of it.

As regards the machinery for the administration of the Act, the Honourable Member in charge of this Department has already referred to the clauses which deal with the replacement of the Executive by the Legislature in respect of certain functions. It has been suggested, Sir, that the Executive is liable to partiality and the Legislature alone can be expected to decide properly what constitutes a particular purpose. Here again, Sir, I think we rather lack information from the Honourable Mover. Acquisition is done either on behalf of Government or on behalf of local bodies or on behalf of companies. It seems to me, Sir, to stand to reason that if acquisition is on behalf of Government, *ipso facto* that is a public purpose; and if acquisition is on behalf of either companies or local bodies I fail to see why the Executive should be considered to be anything but impartial. On the other hand, it might be suggested that the Legislature can hardly fail to be to some extent a partial judge in such matters. Practically every interest is represented

Mr. President: Order, order. Perhaps I did not make myself quite clear to the Honourable Member when I gave the ruling. I want the House to make a distinction between a motion the acceptance of which commits the House to the principle of the Bill and a motion which when carried does not commit the House to the principle of the Bill; not that on a motion of the latter kind Honourable Members are not entitled to raise objections to the principles of the Bill, but in doing so they should be as brief as possible and should not go into the details and turn that discussion into the discussion of a motion the acceptance of which would commit the House to the principles of the Bill.

Mr. H. C. Greenfield: Sir, I will say only one more word about arbitration because there again I think an important principle is involved. The Honourable Mover has suggested that arbitration will give a far more impartial decision than any court or any Collector. But, Sir, surely the very idea of arbitration is that reference thereto shall be voluntary and that the person or persons selected as arbitrators shall be absolutely impartial—not bound by the interests of either side—whereas the arbitration proposed by the Honourable Mover is involuntary, it is compulsory on one party to the contract, and it is by no means impartial, because both parties select their own champions. If I may refer to the question of fact—because the Honourable Mover has himself raised it, I think, in his Statement of Objects and Reasons—he said that previously arbitration was in force and he could not understand why it was ever abandoned. When the 1894 Bill, now the Act of 1894, went to the Select Committee, the Select Committee reported as follows. (There, I may say, the expression used was not “arbiters” but “assessors”. They perform almost exactly similar functions to what are now described as arbitrators.) The Select Committee said:

“As to the discontinuance of the system of assessors all authorities are agreed. It is the universal remark that competent assessors are not easily procurable and there is an irresistible tendency for the assessor to become, not an advisor, but a partisan, adding very largely to the cost of the trial without assisting the Judge. In the words of Mr. Justice Parker (the nominees are faithful to the trust and deliver their opinion with minds altogether unaffected by the evidence.’”

[Mr. H. C. Greenfield.]

That, Sir, seems to me an extremely conclusive rebutment of the suggestion that arbitrators will be impartial or will perform their functions in the way that the Honourable Mover expects.

Then, Sir, if I may I will deal very briefly with the provisions regarding the extent and character of compensation. Previously the only compensation that could be given was assessed in terms of cash, and now this new principle of providing dwellings for those who are evicted by the operation of the Act has been introduced. I would suggest that this involves a failure to recognise the fundamental economic law that land cannot be duplicated, that land is by way of being a monopoly and that if one person is dispossessed of his house you cannot restore to him in kind another house or another piece of land of exactly the same description. And, Sir, it also involves the further difficulty that, as far as I can see, Government will be compelled, in order to implement a clause of this nature, to embark on an endless chain of acquisition. One of the clauses in this Bill provides that when 30 or more persons are dispossessed, it shall be compulsory on Government to provide for those persons. Now, Sir, Government does not possess land everywhere; it does not possess houses everywhere; and the only way by which to meet this difficulty will be to acquire a block of houses for these people. In that way, Sir, if we were operating in a large town like Bombay, Government would have to go round and round until they will finally acquire the whole of Bombay and start again. Sir, there are many questions of detail, in fact practically I object to every point of detail in this Bill, I object to every principle in this Bill.

Mr. President: Does the Honourable Member object to the motion that the Bill be circulated for opinion?

Mr. H. C. Greenfield: No, Sir. But if I were to enter into a real discussion on this Bill (*Some Honourable Members:* "We have heard quite enough.") I should detain the House for a considerable length of time. Sir, I think I have said enough (*Some Honourable Members:* "Quite enough.") to show that there are many important principles in this Bill, that they have not been adequately explained by the Honourable Mover, and I hope, Sir, that you will permit him, if he so desires, to make some short explanation of them now.

(Several Honourable Members then moved that the question be put.)

Khan Bahadur Mian Abdul Aziz (Punjab: Nominated Official): I assure you, Sir, that I shall certainly carry out your order fully to the very letter, and I shall not transgress beyond the limits laid down by you. But, Sir, before this House can invite opinions on an important Bill of this kind, it should certainly know its own mind and it should also try to understand what it is that we are sending out to the country. (At this stage there were interruptions from the non-official Benches.) I am prepared for interruptions. There is one little thing that the Honourable the author of this Bill said when he moved this Bill. He said that this Bill is conceived entirely in a constructive spirit. Sir, I have studied this Bill very carefully, and I think a good many of us on this side have the qualifications to understand it, and it is for this House to understand exactly the constructive nature of the new principles that are being sprung on the country and on this House. I assure you, Sir, that these are very interesting, very instructive, and even if not constructive, they are certainly destructive. . .

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Very good logic.

Khan Bahadur Mian Abdul Aziz: I am coming to the logic underlying the Bill. Sir, the very first thing that the author of this Bill puts forward in his Statement of Objects and Reasons is that something or other when discussed in the Legislative Council will temper the objection to arbitrary acquisition. He says that there is an objection in the country to such arbitrary acquisitions, and that if this thing is discussed, if a public purpose is discussed in a Council, it will temper that objection. May I, Sir, point out that there is certainly a misapprehension in the mind of the Honourable author of this Bill, because whatever the public purpose may be, there is never any misunderstanding about the public purpose. The misunderstanding always is about the details, about the total area of the land that we will require, say, for a school or for a hospital or for a road. All those are public purposes. The misunderstanding or mistake, whatever it is, is with regard to the area to be acquired whether it is 100 acres or 50 acres or less. The Honourable the author of this Bill has misunderstood the whole thing. Therefore his diagnosis is wrong. He says let us discuss it by a specific Resolution in a Legislative Council. It will not cure the disease, because the disease is the mistake of an expert. An expert may be quite wrong (Laughter); experts always do go wrong. (Loud laughter.) An amateur is not always entirely right either. It is a most difficult thing for an amateur to come forward with a law and suggest drafting amendments with some sense in them. I assure you, Sir, that on this particular point the Honourable the author of this Bill tells us,—“Let us have a specific Resolution”—but to discuss what? To discuss a public purpose? But that is not at all a work for a Council or this Assembly to do. That will depend on the advice of some expert who will tell them that the Railway requires so many miles of land. The Council or the Assembly cannot themselves possibly find out the details. They will have to depend on the advice of the experts. That is not all, Sir. After having given us the best specific, I mean this wonderful Bill, he tells us in clause 11 (2) of the Bill, to which my Honourable colleague referred:

“In every case in which the compulsory acquisition of land or house property results in the eviction of more than thirty persons, the award under section 11 or delivered by the Board of Arbitrators as laid down in Part III shall make provision for the housing of evicted persons suitable to their position in life or for securing to them approximately the same convenience and comfort as was available in the house or houses from which they were evicted.”

That means that when we have unfortunately evicted 30 or more persons, we will then have to go to the Council again for another specific Resolution to find accommodation for those persons whom we have displaced. That is the logic underlying this part, Sir. (Laughter.) You were very anxious for my logic.

Now, Sir, there is another part of it, and it is this. The Honourable the author of this Bill has permitted himself to think not only of what happens when land is being acquired, but what is to happen when land has been acquired. If you will refer to clause 28, where he proposes to insert new sections 48A, 48B and 48C, you will find that he wants to provide for rendition, that is to say, when land is no longer required,—there is an absolute “shall” in it—it shall be sold only to the original holders. And further on he says that if there is any surplus land which is not needed

[Khan Bahadur Mian Abdul Aziz.]

for the purpose for which it was acquired, the surplus portion of the land shall be resold or leased by Government or such Corporation, and so on. And then in section 48C he deals with another question, and that is very interesting. It is so very interesting that I think this Assembly will be particularly keen to know what its implication is. (*Some Honourable Members*: "No, no.") I am sure the House will be much interested to know it. (*Some Honourable Members*: "No, no.") New section 48C says:

"In every case of dispute as to whether a piece of land compulsorily acquired is surplus or not within the meaning of the above section, it shall be presumed that the land was surplus if it is proved that it was devoted permanently to some object which was not a purpose of the undertaking for which the land was acquired."

I understand, Sir, that we are now housed in a place which was acquired from people who held it in private proprietary right. I do not know if any Honourable Member of Government will be able to swear in a court of law that this Assembly was a purpose of the original undertaking for which the land was required. I have high authority for believing that it was not. Now, Sir, if we agree to this clause, we shall have to go out to-morrow, because there is nothing to show that this clause will not have a retrospective effect. I defy any lawyer here to say that this is not the implication. (*Some Honourable Members*: "No, no.") The words are there. We have to honour the Honourable the author of the Bill by believing that what he says he means. Of course, if he does not, then I withdraw. He says: "It shall be presumed that the land was surplus if it is proved that it was devoted permanently to some object". Well, then, there is the absolute "shall". That means we shall have to get out of this place, and give this House to the villagers, and I think they will sue you for damages, because the lobby is not quite comfortable for them. A number of other places may also be involved. I am really not joking. The Honourable the author is probably joking with you. He is tired of you and wants to clear you out. In his opening speech the author held out a hope and these are his words:

"It is also equitable that public bodies should be prohibited from making a trade of land acquisition and augmenting their revenues by a profiteering sort of arrangement."

This is offered to us as very good advice. Will you be surprised, Sir, if I read to you an extract from the Laws of England?

"Municipal and other public bodies are sometimes given powers to take land beyond that which is necessary for the actual execution of the proposed works in order that some part at least of the improved value of the adjoining lands may be secured in ease of the burden upon the tax-payer. These lands are said to be authorised to be taken for the purpose of recoupment as the public body is empowered to sell or lease them at what may be an enhanced value."

What I wish to tell the Honourable lawyers on the other side of the House is that new section 48B of this Bill as drafted tramples under foot a very famous judgment of the Calcutta High Court: it is a full bench ruling which considered previous rulings also—*Mani Lal Singh v. Trustees for the Improvement of Calcutta*. And I advise all interested in the subject to refresh their memories if they wish to know something of the principle of recoupment. (*Honourable Members*: "We know." "We don't know anything.") Well, it will do you some good if you do.

Sir, we are in no way desirous of minimising the value of the good work that the Honourable the author wants to do. That is not the point. The

point is that opinions will be received from the public after some time, the Honourable Members will be in their constituencies, they will naturally be asked by their voters for a lead, and I only want them to understand all the implications that this Bill as drafted has, so that they may be able to find out from their constituents what their exact troubles are. The trouble is not that land is not required for public purposes. As I said before, the trouble is that occasionally, very occasionally, in Bombay or in some other place, a mistake is made. Now, in order to rectify one or two mistakes, to bring in a law of this kind, which will set up all over the country arbitration boards that will provide work for the unemployed all the year round, which will have Legislative Councils in the provinces in a sort of perpetual Session in order to pass Resolutions about specific public purposes, is not wise. You will be burdening the tax-payer far too much and needlessly. Consider it. Condemn my speech. You are welcome to do that but you will not be able to disagree with the spirit. The spirit is the same as that of the Honourable author of the Bill. Let us do something constructive. Let us not have it all destructive. (*An Honourable Member*: "Obstructive.") This Bill, as I understand it is full of, is a chaos of pious wishes. But that is not the way to proceed to work. The author is open to conviction. So is everybody else. If there are mistakes, set them right. There are thousands and thousands of acres of land in the country being acquired each year. If each owner had the right to ask for an arbitration board, two for each owner, and two again for the corporation who were acquiring that land, and so on, just try to think for yourselves where you will be landed. Then, it will not be constructive. If you will accept it like that it will be almost as constructive as dynamite.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I intervene in this debate for one purpose and one purpose only. I understand, Sir, that you have desired that Government should be brief. I will be exceedingly brief and I hope I shall be equally effective. There is only one point in this Bill I wish to refer to and that arises out of a remark made in the Statement of Objects and Reasons. My Honourable friend who brought in this Bill has been good enough to make the following remarks:

"The awards are no doubt open to be challenged in (to appeals) District Courts. But District Judges, besides being paid officers of Government, are in most cases ignorant of local conditions which are really decisive in the proper assessment of compensation for the lands to be acquired."

Now, Sir, I am not dealing with the merits of this Bill. That, I understand, has been dealt with fairly fully. But this, Sir, is a most grave reflection on a class of officers who have done nothing whatever to deserve it. District Judges, Indian and British alike, have done their best and have done very well, if I may say so, in the administration of justice in this country. And I, as the head of the Department which is concerned with District Judges, feel it my duty to make a most emphatic protest against this grave reflection upon District Judges. I only hope my Honourable friend will have the courtesy in replying to this debate to acknowledge that he has been misled in his use of language and that he did not intend to make a grave reflection upon the subordinate judiciary.

Mr. A. Rangaswami Iyengar: I move, Sir, that the question be now put.

Mr. N. C. Kelkar: Sir, in the present temper of the House and at this time I don't wish to enter upon a long reply, for I am absolutely certain

[Mr. N. C. Kelkar.]

that my reply, though reported in the proceedings, would not be read out-side by those people who are now being invited to express their opinion on this Bill. So, instead of a reply, with your permission, I would ask one question of the Honourable Mr. Bhore and if he answers it satisfactorily, I will accept that and give up my reply. The thing is this. I have written a Statement of Objects and Reasons which could not deal obviously with every clause in the Bill but there is such a thing as notes on clauses. I did not get time to write notes on clauses and if I write notes on clauses, and hand them over to the Honourable Mr. Bhore, will he promise that, along with the Bill, he will send the copies of the notes on clauses also for circulation? They will help my case better than the present reply. Am I not entitled to have my notes on clauses circulated along with the Bill and the Statement of Objects and Reasons?

Mr. J. W. Bhore: I am afraid I cannot undertake to do that, Sir. But the Honourable Member is quite at liberty to make any remarks now, if he likes.

Mr. N. C. Kelkar: Now, in this House?

Mr. J. W. Bhore: Yes.

Mr. A. Rangaswami Iyengar: I know it suits.

Mr. N. C. Kelkar: I again put it to him that, when I send the requisite number of printed copies of notes on clauses, will he not undertake to supply those notes to the people from whom opinions are being invited? I shall not be knowing exactly from whom opinions are being invited, otherwise I should myself pass these copies on to them. But I would ask my friend whether he would not render me that assistance. If he says, no, I shall just give a brief reply, and be done with it.

Mr. J. W. Bhore: Sir, I should prefer that the Honourable Member give a brief reply.

Mr. N. C. Kelkar: Well, I give up my right of reply, Sir.

Mr. President: The question is:

"That the Bill to amend the Land Acquisition Act, 1894, for certain purposes, be circulated for the purpose of eliciting opinions thereon."

The motion was adopted.

THE CRIMINAL LAW REPEALING AND AMENDING BILL.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-madan): Sir, I beg to move that the Bill to repeal and amend certain provisions of the Indian Criminal Law Amendment Act, 1908, and the Code of Criminal Procedure, 1898, be taken into consideration.

As some of the Honourable Members of this House are new I should like Honourable Members to recall the history of this measure. As far back, Sir, as 1920, you yourself as a Member of the late Imperial Legislative Council moved for the repeal of the repressive laws and I am sorry to say that with the support of the then non-official Members, Government opposed that motion and it was thrown out.

Mr. President: Was I a Member then?

Sir Hari Singh Gour: I find that, Sir, from the reference to yourself in the proceedings of the Council of State of 1921 at page 69. Then again, Sir, on the 14th of February, 1921, the Honourable Mr. Sastri moved the following Resolution which was passed unanimously by the Council of State. I wish to give the *ipsissima verba* of that Resolution and I shall quote two sentences from the speech of the then Home Member and I hope, Sir, that the sentiments therein conveyed would be reciprocated by the present incumbent of that high office. In the Council of State the Honourable Mr. Sastri moved as follows:

"This Council recommends to the Governor General in Council that a Committee be appointed at an early date to examine the repressive laws now on the Statute-book and report whether all or any of them should be repealed, and, in cases where repeal is not desirable, whether the laws in question should be amended, and if so how."

Well, Sir, the Honourable Mr. Sastri referred only to five repressive laws which you will find set out at page 58 of the Council of State Debates for 1921. And now I shall give you the words of the then Honourable the Home Member. He said:

"I am sure that the prestige of the Government will not be weakened but enhanced by acting in consonance with public demands and meetings with the wishes of the general public."

Infused with that spirit he gave the history of a similar motion which was moved—I read from page 69 from the speech of the Honourable the Home Member. He said:

"Sir, I may say at once that there will be no opposition from the Government to this Resolution, subject to minor reservations, which I do not think will be of a character, save possibly in one respect, to cause any apprehension to the Honourable Mover. I think one of the speakers here to-day rather twitted the Government with having rejected or opposed a Resolution which was moved last year by the Honourable Mr. Patel, on the same subject, but the reason for this is not far to seek. The Resolution at that time did not receive any support from non-official Members. Eight Members only voted for it, and there was therefore every reason why Government should not, in opposition to the wishes even of the non-official Members, undertake an inquiry such as is now contemplated."

Then, Sir, later on he suggested the inclusion of several repressive laws including Act XIV of 1908. That you will find at page 71 of the proceedings of the Council of State and in welcoming the Resolution the Honourable Sir William Vincent said that now the administration had changed, reforms had come and it was the bounden duty of Government to carry out the wishes of the representatives of the people, and that it would be the most effective reply that the Government could give to the critics of the reforms that the reforms are a sham and a delusion. That you will find at page 70. With the combined support of the Treasury Benches and of the non-official Members the Resolution, the terms of which I have read out, was unanimously carried in the Council of State and the Government lost no time. Within two months of the passing of this Resolution in the Council of State, on the 21st March, 1921, they appointed a representative Committee for the purpose of giving effect to this Resolution. This Committee formulated a report which was published on the 2nd of September, 1921. I wish, Sir, to read one or two extracts from this report for the purpose of establishing my claim for asking this House to support my motion. At page 11 the Committee said referring to the Criminal Law Amendment Act

[Sir Hari Singh Gour.]

and one or two other measures with which we are not immediately concerned:

"Many of us hope that it may be possible for the Government to undertake the necessary legislation during the ensuing Delhi session."

This report is dated 2nd September, 1921, and when we signed that report we had placed on record the desirability of introducing a measure during the next Delhi Session for the purpose of wiping out of the Statute-book the laws which we considered to be obnoxious to the liberties of the people. The Government of India in their Resolution, dated the 19th September, 1921, accepted *en bloc* the recommendations of the Repressive Laws Committee. I read to you, Sir, a pertinent passage from the Home Department Notification the date of which I have given you:

"The Governor General in Council has considered the report and has decided to accept the recommendations made by the Committee. Steps will be taken as soon as may be to introduce legislation to give effect to them."

Well, Sir, we waited, and waited with considerable patience for the fulfilment of that promise which the Government had conveyed in the Resolution to which I have adverted, and when we found that the Government had, perhaps unwittingly, forgotten the promise and the assurance which underlay the report of the Repressive Laws Committee, the acceptance of which they had notified, one of us moved a Resolution in this House which was carried by an overwhelming majority in favour of the repeal of repressive laws. This Resolution is dated 20th March, 1924. We again waited for the Government to take action, but as the Government would not take action, we introduced a Bill for the repeal of Part II of the Criminal Law Amendment Act and it was carried in this House by the telling majority of 71 *versus* 39 on the 23rd of September, 1924.

Well, Sir, you yourself had a Bill for the repeal of these repressive laws, which was passed by this House on the 19th of March, 1925, by the same majority, 71 *versus* 40. I wish to give these facts to the House for the purpose of showing how strong the feeling in this House was against the retention of these repressive laws on the Statute-book of this country, and I wish to point out the assurance given by the Home Member in the opening speech in the Council of State that with the advent of the Reforms it was the bounden duty of the Government to carry the representatives of the people with them. But what was the fate of these two combined Bills which had been passed by the people's representatives in this House? They went to what is euphemistically described as "another place" and there with the opposition of the Government both these Bills were thrown out on the 23rd of February, 1925, and the 13th of September, 1925. Well, Sir, we are not in the slightest degree daunted by the action which the Government choose to take or the opposition which it may evoke in another place. We are determined to see that the promise that we made to the people in our report on the repressive laws, the resolutions which have been passed in this House, the Bills which have been passed in this House, are once more placed before this new Legislature, so that it may have a chance of expressing its views upon the subject of these repressive laws. Sir, on the last occasion when I had the honour of moving for the repeal of Part II of the Criminal Law Amendment Act, Honourable Members on both sides of the House said "Oh, these laws are required for the preservation of peace and order" and one of the opponents,

in fact two of the nominated Members of the House, no less distinguished than many occupants of the Treasury Benches, I refer to Sir Chimanlal Setalvad and the Honourable Sir Sivaswamy Aiyer, both said they did not like these laws, Part II of the Criminal Law Amendment Act gave the ordinary judicial tribunals no power whatever, and thereupon the Honourable the Home Member replying to the debate said that so far as clause (b) of section 15 of Part II of the Criminal Law Amendment Act was concerned, he had not had time to consider what action should be taken thereupon; and if you read the speech as a whole he said, as I have no doubt he will repeat it to-day, that he was a staunch opponent of all repressive laws. Now, Sir, the most obnoxious provision in Part II of the Criminal Law Amendment Act is clause (b) of section 15 Let me read it to the House. It says:

"Unlawful association means an association which has been declared to be unlawful by the Local Government under the powers herein conferred."

In other words, Local Governments are empowered and entitled to declare
 4 P.M. any association as an unlawful association. But that is not all. If the Local Governments had the power merely to declare an association unlawful and the association or the members concerned could take their grievances to the High Court, there would have been some salutary check, but the Act provides for no check whatever. There is no judicial supervision over the acts of the Executive, except in one respect. They are handmaids of the Executive. If an association has been declared unlawful and a member continues to be a member of that association, they immediately tie him hand and foot and take him to the ordinary established Tribunals who have no option but to pass a sentence of imprisonment upon this so-called delinquent. What country in the world would subordinate the judiciary to the executive to the extent it has been by Part II of this Act? Sir, I quoted on the last occasion from the judgment of one of the most distinguished Chief Justices who had adorned the Bench in Calcutta; it was pointed out that the judicial tribunals in this country have no power whatever to examine whether the accused is or is not a member of an unlawful association, or what is more, whether the association itself is or is not unlawful. That fact is settled once for all by the Executive. All that the criminal courts are entitled to do is to award the punishment. I wish to ask all Honourable Members in this House, I wish to ask the Honourable Members on the opposite Benches, do they regard this as a piece of British justice that the executive should decide that members of the association are members of an unlawful association and hand them over for punishment to the criminal courts? That, Sir, is the most objectionable feature of Part II of the Criminal Law Amendment Act, with the result that the nominated non-official Members of Government all voted, or almost all voted on our side. I find before me in the division list the Honourable Sir Sivaswamy Aiyer contributing to the majority of 71 *versus* 39 by which my motion was carried in this House. I wish therefore to point out once more to this House that it is the bounden duty of every Member, elected or nominated, to support this motion in the interests of liberty and for the liberation of the people of this country. Now, Sir that is my first point

My second point is that I have provided under Part II for a right of appeal and that constitutes section 16-A of the second part of the Criminal Law Amendment Act.

[Sir Hari Singh Gour.]

There is a third point with which I am concerned. That is clause 4 of my Bill. Let me very briefly explain to Honourable Members the reasons which have prompted me in drafting clause 4 of my Bill. When the question about the repeal of repressive laws was under discussion in this House several Honourable Members on the opposite side stated, "You want wholesale repeal of these repressive laws. What becomes of these frontier tribes and lawless marauders who will come from the Passes into India and of the Bolsheviks who will carry on their nefarious propaganda? Do you not wish to give the Executive any power at all?" That was a most poignant objection to the wholesale repeal of the repressive laws; and feeling that there was a point in that objection, I have merely protected by the addition of the words which you find in clause 4 only British subjects and placed them under the *habeas corpus* section of the Criminal Procedure Code.

The net result therefore of my Bill is that I have cut out clause (b) of section 15 of Part II of the Criminal Law Amendment Act. I have given a right of appeal to every person who is affected under Part II; and last of all, Sir, I have left intact the power of the Executive so far as non-British subjects are concerned and merely extended the protection of the *habeas corpus* provision of the Code of Criminal Procedure to British subjects. I submit, Sir, I have been as fair as it is possible for anybody to be in meeting all the possible objections that the Government could reasonably take to the wholesale repeal of the repressive laws, and I, Sir, feel confident that the Honourable the Home Member will recognise how my present Bill has been diluted from its predecessors which wanted the wholesale repeal of the repressive laws; and while I do not by my Bill desire the wholesale repeal of the repressive laws, I at the same time desire that such safeguards that every British subject has a right to expect in this country should be inserted for the purpose of protecting their lives and liberties. Sir, I am confident that if this House goes to a division I shall have at my back the same solid support which I received from the previous Assembly, and I ask the Honourable Members who adorn the nominated seats of this House, that following the good example of their predecessors, they will also follow me to the same lobby.

Sir, I move my motion.

Mr. H. Tonkinson (Burma: Nominated Official): Sir, in speaking on the present motion I desire to confine my remarks to two points. In the first place, Sir, this Bill contains two quite distinct proposals. On the one hand it proposes to amend the Indian Criminal Law Amendment Act of 1908, and on the other hand it proposes to amend the Code of Criminal Procedure of 1898.

Now I quite admit that it may be appropriate in certain cases by one measure to amend two separate enactments on our Statute-book. Such cases will arise if the one proposal is really subsidiary to the other proposal, or if the proposal to amend the second law is really substantially connected with the proposal to amend the first law. There must, Sir, be some nexus, some connecting principle. In the present case, I submit, there is no connection at all. My Honourable and learned friend has in fact scarcely attempted to justify the combination of these two proposals in this Bill. The only hint which I can gather of his reasons for combining the two proposals is his reference to the recommendations of the Repressive Laws Committee. It is true that that Committee did refer to the Indian Criminal

Law Amendment Act. That Committee did also refer to Bengal Regulation III of 1818, which of course is connected with the proposal in this Bill to amend the Code of Criminal Procedure. But, Sir, the Committee did not make the proposals in this Bill. If they had done so, I should have admitted that that would have given the connecting principle which might perhaps have justified the combination of these two proposals in one Bill. As a matter of fact the Committee proposed that the Indian Criminal Law Amendment Act should be retained at present and in regard to Bengal Regulation III of 1818 they proposed that it should be amended.

No justification, therefore, for the combination of these two proposals in this Bill can be based on this ground. The addition of the proposal to amend the Code of Criminal Procedure to the proposal to amend the Indian Criminal Law Amendment Act is, I submit, a pernicious example of tacking and should be severely condemned on that ground. I take it, Sir, that it is not necessary for me now to elaborate the objection to any tacking of the character included in this Bill. The objection is substantially the objection to anything that may operate to prevent the efficient discharge by this House of its important functions in regard to legislation, and on that ground I hope that the House will always object to any tacking of the character exhibited by this Bill. Such tacking can, Sir, only operate to prevent the proper discussion of the distinct proposals which are included in the Bill.

I will say no more, therefore, in regard to the proposed amendment of the Code of Criminal Procedure which is the amendment which has been tacked on to the main part of the Bill. I will confine my remarks to the amendments of the Criminal Law Amendment Act. That is, I turn to my second point.

Under sub-order (1) of Standing Order 30, we may at the present juncture discuss the details of the Bill in order to explain its principle. Following that provision I propose to discuss the details of this part of the Bill in order to show, if I can do so, that it practically contains no principle at all, that it is practically meaningless. My Honourable and learned friend has told us at some length as to what he considers this Bill means. I have no doubt that his remarks have been of great interest to Honourable Members, but my Honourable friend fully realises that should this Bill ever become law, no court would pay any regard to his remarks in this place if they had to interpret its provisions. In the same way I propose to ask the House to disregard entirely what my Honourable friend has said as to what he thinks the Bill means and to turn to the Bill itself.

Now, Sir, in the first place, we have clause 2 of the Bill. This clause proposes to repeal sub-clause (b) of clause 2 of section 15 of the Indian Criminal Law Amendment Act of 1908. Clause (2) of section 15 of that Act defines what an unlawful association means for the purposes of that Act. In the first place it provides by sub-clause (a) that an unlawful association shall mean an association which encourages or aids persons to commit acts of violence or intimidation, or the members of which actually commit such acts. That sub-clause my Honourable friend does not propose to touch. The next sub-clause, sub-clause (b), is to the effect that an unlawful association shall mean any association which has been declared to be unlawful by the Local Government by the powers hereby conferred on them. That is the sub-clause which my Honourable friend proposes to delete. Now, Sir, what will be the effect of deleting that sub-clause? In-

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order to appreciate this I ask Honourable Members to refer to section 16 of the Act. That section runs as follows:

"If the Local Government is of opinion that any association interferes or has for its object interference with the administration of the law or with the administration of law and order, or is a danger to the public peace, the Local Government may by notification in the official gazette declare such association to be unlawful."

Now, what would be the effect of section 16 if we have, as proposed in clause 2 of this Bill, deleted sub-clause (b) of clause (2) of section 15 of the Act? The Local Government will still be able to declare its opinion that a certain body is an unlawful association. That opinion, Sir, will, however, merely be a pious opinion of the Local Government, it will have no other effect. Further the opinion of the Local Government would be directed towards the points indicated in section 16 as to whether the association has for its object interference with the administration of the law and so on. These purposes, Sir, are distinct from the purposes which are at present included in sub-clause (a) of section 15 and which will be the only purposes which will constitute an unlawful association if the Act is amended as proposed in this Bill. The only effect therefore of clause 2 of the present Bill will be to render ineffective a section in the Act which my Honourable friend does not propose to touch.

The only other clause, Sir, in this part of the Bill, which deals with the Criminal Law Amendment Act is clause 3, which propose to insert a section in the Criminal Law Amendment Act after section 16. All Honourable Members have the Bill before them and it is unnecessary for me, I take it, to read out the provisions of proposed section 16A. It will be seen, however, that that section refers to a person deeming himself aggrieved by an order of the Governor General in Council, and of course the proposed section absolutely depends upon that provision. Now in the Criminal Law Amendment Act as it stands at present there is no provision at all for any order by the Governor General in Council. There will be no such provision if the Act is amended as proposed in this Bill. I submit therefore that this clause is totally meaningless and ineffective.

On these two grounds, on the ground, in the first place, of the pernicious tacking and on the ground, in the second place, of the total want of meaning in the provisions in regard to the amendment of the Criminal Law Amendment Act, I suggest the only course open to my Honourable and learned friend is to withdraw this Bill and to proceed no further with it. I suggest, Sir, that he should then, in that inner chamber in which he conceals these measures with which from time to time he endeavours to enrich our proceedings and with that leisure which drafting really requires, prepare two separate Bills which will really effect what he desires to effect, whatever that may be, and should introduce them. That is of course if he does desire to proceed at all with these proposals.

Mr. M. R. Jayakar (Bombay City: Non-Muhammadan Urban): Sir, I rise to support the motion of my Honourable friend Sir Hari Singh Gour. In doing so, I shall be very brief in my remarks. Of the two points which have been raised by the Honourable Member who spoke last, I will deal with the first very briefly. In his speech he admitted that there are occasions when one amending Act may take note of two different pieces of

legislation, provided, and I may accept the principle, that there is some nexus between the pieces of legislation which are sought to be amended by the same Act. I submit, Sir, that even accepting for the moment that principle as the right one, there is such nexus between the two Acts which are sought to be amended by this Bill. What Dr. Gour proposes to do, Sir, is to remove from the Statute-book the last traces of repressive laws, which were passed at one time in our previous history. He has already succeeded in doing a part of his work. By this Bill he proposes to do what has so far been left undone. If my Honourable friends look at the scheme of this Bill, they will find that the first part of it, which deals with the amendment of the Indian Criminal Law Amendment Act of 1908, is quite of a piece with the second part, which refers to a certain section of the Criminal Procedure Code, dealing with other repressive laws. Both the Criminal Law Amendment Act of 1908 and the other pieces of legislation referred to in section 491 of the Criminal Procedure Code fall under the category of "repressive laws", and the Bill proposes to deal with them. That is the nexus between the two different pieces of legislation which are sought to be dealt with in this comprehensive Bill. To make my meaning clear, I shall ask the attention of the Honourable Member who spoke last to these Acts and Regulations which are dealt with in the last clause of section 491 of the Criminal Procedure Code.

The clause reads as follows:

"Nothing in this section applies to persons detained under the Bengal State Prisoners Regulation, 1818, the Madras Regulation II of 1819, the Bombay Regulation XXV of 1827, or the State Prisoners Act, 1850, or the State Prisoners Act, 1858."

All these pieces of legislation fall under the common descriptive title of repressive laws. The Criminal Law Amendment Act of 1908 falls under the same category, and I submit, Sir, that even accepting the principle stated by the Honourable Member this is a perfectly sensible way of securing amendments. I submit, Sir, the pieces of legislation sought to be amended by this Statute are all related to one another because, from the Indian point of view, they all partake of the nature of "repressive laws", and they were all dealt with, Dr. Gour tells me, by the Repressive Laws Committee.

Then coming to the merits of the Bill I will first deal with what Dr. Gour proposes to secure by clause 2 of his Bill. On that point, my submission to this House is this, that whatever may have been the atmosphere in the year 1908, when the Criminal Law Amendment Act was passed, that atmosphere was very different from the one under which we are living now. Whatever justification there may or may not have been then, for giving to the Local Government an absolute power to determine the vital question whether a particular association was unlawful or not, the question before us now is whether the circumstances of the present times require that such an arbitrary power should continue to reside in the Local Governments now, or whether it would not be better to let this power reside in the highest judicial tribunal of the province. That power was taken away from the High Court by means of this legislation of 1908 and it was vested in the Local Government to be exercised absolutely and arbitrarily. I will not for the present go into the wisdom of doing this in the year 1908. That is a question we may not trouble ourselves about in this debate. But the Honourable Members must address their minds

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now to this question whether in 1927, situated as we are now, there is any necessity for continuing this arbitrary power in the hands of Local Governments. Is it not better and safer to let the High Court once more enjoy the power of determining these questions of fact; that it should ask the police to produce satisfactory evidence in support of their view that a particular association is unlawful, and then let such evidence be submitted to open cross-examination in court—that one test which modern society accepts as satisfactory for distinguishing between truth and untruth? Are present times such that the abnormal state of things permitted by the Act of 1908 should be allowed to continue any longer? If I were one of those occupying the Government Benches, Sir, I would have willingly come forward and said that the times having altered this Government are quite willing that the Local Governments should part with this power now in the year 1927. But apparently Government do not admit things as readily as Members on this side of the House do. In any event the question now is—and that is the only question for the House to decide—whether there is any justification in 1927 for giving this power to the Local Governments. My answer is a most emphatic “No.” I will say, Sir, what is a fact that Local Governments have very often to act, in such important matters, upon incomplete and prejudiced material collected often by ignorant incompetent and prejudiced persons which cannot stand open scrutiny of legal tribunals. Very often Government have to act on reports gathered from quarters which are tainted, prejudiced, partial, and incomplete. I do not wish to use strong language, but there is no doubt that this is so. What after all is the method, the channel or avenue by which Government obtain the information which enable them to declare a particular association to be unlawful? Very often it is the subordinate police officer. Now the subordinate police officer is a very estimable person—I do not wish to speak against him at the present moment—but there is no doubt that this method of accepting his unchallenged version can never be likened, if the desire is to find out the truth, to the method which all civilised communities have accepted of having the truth of such versions tested and determined by cross-examination in broad daylight before the highest judicial tribunal of the land. Therefore, Sir, I submit that Dr Gour’s plea is a very modest one. Some of us would have liked to go further than he proposes. He only asks that this power should be taken away from the Local Government and the question should be tested and judged in its natural and normal manner, namely, by the highest tribunal in the province and by the aid of adverse cross-examination.

Coming to the next question, namely, the right of appeal to the High Court, I congratulate Dr. Gour on the wisdom of his proposal. As I said in a previous speech of mine dealing with the Civil Procedure Code Amendment Bill (section 115), these are not the days when the powers of the High Court should be curtailed. I think, Sir, that in every important case, specially in a criminal matter, the time has not yet come in India, whatever may be the circumstances in other civilised countries, when the High Court should be debarred from going into these questions in appeal. I am aware of the principle known to civilised jurisprudence, especially that of the British people, that the right of appeal should stop at a certain stage, and not, as in civil matters, proceed to the very end. But I doubt the wisdom of applying that principle to a country like India. *Ex hypothesi*, an Act like that of 1908 will be applied only under stress of

political contingencies. Very often on such occasions passions arise, prejudices show themselves; the mind of officials is often clouded and they believe that the preservation of law and order has to be given a larger place than the finding out of truth or the punishment of the truly guilty. On such occasions the turbulence of the moment often affects the normal propensities even of cultured men, ordinarily balanced and self-controlled. It is therefore all the more necessary that, under such circumstances, the ultimate power of discovering the truth should be reposed in the High Court and not in the Local Government which is after all a group of executive officials. If this Act were intended for the normal working of human society, possibly the danger I have mentioned above would not be so great; but having regard to the fact—and it has been admitted by the Government time after time—that this Act is intended only for abnormal occasions, I submit, Sir, that the need of looking into the matter in the calm, dispassionate and detached atmosphere of a High Court is greater than on ordinary occasions.

Coming to the last clause, Sir, it is an obvious principle of the *Habeas Corpus* doctrine and it is applied in many branches of legal jurisprudence, that the King cannot put his powers of summary punishment into force against his own subjects. The lawyers on the other side of the House will, I am sure, recognise that this is a principle which governs all actions of the Sovereign power which are called acts of State. No King can exercise this power against his own subjects, for the simple reason that no subject can sue the Sovereign for such injury. This principle has been recognised by British law in respect of the *Habeas Corpus* Act; and it is only in the Indian analogue of that law that the principle does not find a place. What Dr. Gour now proposes to do is to reproduce the same principle in Indian Law. The Government have from time to time given assurances, to which the Honourable Member referred, that this summary and drastic power was necessary specially for dealing with people who come across the Frontier,—Bolsheviks and people of that description, i.e., people other than British subjects. Dr. Gour takes the Government at their word and says "Very well, if that is so, take the case of British subjects out of this section and make your intention clear by specific and adequate phraseology". I submit, Sir, that this is a very modest and sound demand of Dr. Gour, and ought to be conceded. On these grounds, Sir, I support this motion.

Mr. S. Sridivasa Iyengar (Madras City: Non-Muhammadian Urban): Sir, I also support the Bill which has been moved by Sir Hari Singh Gour in his elaborate speech and which has been supported by Mr. Jayakar in his admirable and eloquent speech. I do not propose therefore to detain the House except by referring to a few aspects. I think the Honourable Member who spoke on the Government side spoke as if there was some unwritten law, some rule of legislative drafting, which required that a Bill for the revision or repeal of two or three enactments should not be contained in one Bill but the repeal of several enactments should be brought up by several Bills. We all know that comprehensive repeals and amendments have been undertaken of enactments both in England and in India in one single measure, absolutely unrelated enactments being repealed or amended by one single measure time and again. Only if in the case of some of the more important repressive laws you bring in a Bill like the one before the House, it shocks, shall we say, the artistic soul of the legal draftsman and he appeals to some unknown fundamental

[Mr. S. Srinivasa Iyengar.]

principle of the constitution or of this legislative body. It is childish really to urge that as an objection against a Bill of this vital nature dealing with a broadly human question and with the fundamental rights of the subject. In a matter like this concerning a serious subject it is an absurd argument, a grotesque argument to bring up that Sir Hari Singh Gour has brought in a repeal of two repressive enactments together and say that therefore the Government feel unable to accept. "You bring in a different Bill or you better withdraw!" And Sir Hari Singh is referred to the other Chamber and admirable advice is offered to him, which I hope the Honourable Mover of this Bill will never accept.

Sir, coming to the Bill itself, I have not the slightest doubt the House must realise that it is its duty time and again to pass a Bill repealing repressive laws whatever its fate may be in the other Council or whatever its fate may be at the hands of the highest authority under the Constitution. The House must realise its duty if it is to be a popular body, if it is to be true to its new traditions and if it is to assume, as we have been asked to assume on the highest authority, even greater responsibility than is expressed in the Statute. If we are tacitly to assume that responsibility we must assume it here and now, and that binds us to pass the modification of the Criminal Procedure Code and Criminal Law Amendment Act which Dr. Gour requires us to make. I do not think that this repeal of repressive measures which he has brought forward is a comprehensive one or is even an adequate one. I have got my own grievance against him and I dare say many other Members have got theirs; but we shall see whether even though this is such a moderate request from our point of view the Government do not strain at this gnat! I am sure they will strain at it and I am sure they will oppose it and I am sure they will divide the House instead of accepting this very modest, very unambitious and very ordinary document which Dr. Gour presents to the Government.

Now, so far as section 491 of the Criminal Procedure Code is concerned, is there any difference between England and India, between the conditions of this country and the conditions of any other country? If after nearly two centuries of British rule in India it is to be said that India is not fit to have a *habeas corpus* law exactly as in England, is it not a tragedy? Is that not the strongest and the severest condemnation, an unqualified condemnation upon this Government that they propose, not in connection with non-regulation provinces, but in connection with regulation provinces, to guard against the wholesome provisions of section 492, by putting in this rider that nothing in this section applies to persons detained under these State Prisoners Regulations and Acts? It is perfectly plain that the time has come for the Government to realise their duty, if Government really think that Members on this side of the House are men with whom they want to co-operate. But we know otherwise; we have seen to-day that the Government are obstructive in their methods, and are pursuing their policy of non-co-operation. Let them pursue their policy of obstruction and non-co-operation; but so far as we are concerned, our duty is plain, to bring in such Bills time and again and by a majority of votes of Members of this House to get these Bills passed, and leave it to be judged by the people of this country. Our duty is plain, whatever the fate of this Bill may be.

Now, referring to section 491, what is it that Dr. Gour seeks to repeal? He wants to insert, after the words in sub-section (3) of section 491

"Nothing in this section applies to persons", the words "other than British subjects". It is plain that on a fair reading of the old Regulations they were intended for quite a different purpose, to be used in another atmosphere, for foreigners and such like people. But whatever that may be, this House has got a right now to say what is our object to-day. We want that men who are detained under these Regulations should have the right of moving to the High Court for this *habeas corpus*.

Now, the first clause of this section says:

"Any High Court may, whenever it thinks fit, direct that a person within the limits of its appellate criminal jurisdiction be brought up before the Court to be dealt with according to law."

That comprehensive provision is necessary, I submit, for this simple reason, that even in the Bengal Regulation III of 1818 in section 2 (1) it is stated:

"When the reasons stated in the preamble of the regulation may seem to the Governor General in Council to require that an individual should be placed under personal restraint without any immediate view to ulterior proceedings of a judicial nature."

The object of that Regulation was undoubtedly not that there should be no judicial proceedings at any time, but that there might be no immediate judicial proceedings; the Government would want as usual some time to collect their evidence. Mr. Jayakar has referred in his flawless language to those things and if I refer to them I must perhaps use more awkward and more offensive language in dealing with the methods which are adopted by the Government (*An Honourable Member*: "Why offensive?") I am speaking in a moderate House. Those words in the section "without any immediate view to ulterior proceedings of a judicial nature" do suggest that these persons against whom for reasons of State the Governor General sees fit to issue a warrant of commitment, are persons who are entitled to the benefit of a judicial investigation at some subsequent stage. Therefore, I say that the *habeas corpus* provision in the Criminal Procedure Code must be made applicable to them, and they must be brought up to be tried in the ordinary way by courts of law if there is any charge against them. The idea was not that there should be no charges framed against them at any time, but that they may have to be arrested without any charge at the time of arrest. I am not justifying even that; I am not saying anything on that because my whole soul rebels against that kind of thing. I am sure it will be said on the other side that the natural instincts of the English are dead against it, but of course we know that those instincts have accustomed themselves to the retention of these and similar repressive measures for a century and to the way in which repressive legislation in this country has been administered. But putting aside instincts on one side or the other, it is obvious that the provision which Dr. Gour seeks to insert in sub-section (3) of section 491 is the minimum provision and the minimum safeguard. Speaking for ourselves, of course we want the repeal of this Bengal Prisoners Regulation and the others; I should say that it is not sufficient that a power should be given to the High Court to interfere in these matters. But Dr. Gour, with every desire to accommodate what may be regarded from his point of view as the just and reasonable demands of the Government, has put in this concession; and whatever my own personal view may be, I must help him as much as I can in so far as it enlarges the freedom of the individual.

It may be said perhaps that these Regulations were really enacted for a different purpose. But by making this saving in section 491 the Indian

[Mr. S. Srinivasa Iyengar.]

Legislature has authoritatively laid down that but for this saving in sub-section (3) those Regulations would be no protection whatever to the jailors or other officials who may have custody of those prisoners under those Regulations, and they would be bound to obey an order of the High Court to bring up the body of the prisoner before the court to be dealt with according to law. Therefore, by introducing this saving in the Code the Indian Legislature has accepted the view that it is to be treated as an exception to the ordinary law, and there is no reason now why this exception to the ordinary law should be retained.

Coming now to the other part of it, considerable criticism was offered. But so far as I can understand Dr Gour's proposal, it is a limited one; his proposal is not to get rid of the whole of Part II of the Criminal Law Amendment Act. He wants to give the Government power to declare certain associations to be unlawful. He does not want magistrates to go into the question whether associations do encourage or aid persons to commit acts of violence or intimidation or of which the members habitually commit such acts. Therefore, even if sub-section (2) of section 15 is cut out as he proposes, it will not really affect the power of the Government to declare associations unlawful because section 16 gives the Local Government power by notification to declare as unlawful such associations as it considers to be unlawful. I think that is the reason why Dr. Gour did want to omit the first part of sub-section (2), namely, the part which refers to associations which encourage or aid persons to commit acts of violence or intimidation or of which the members habitually commit such acts. The second part of the sub-section equally becomes unnecessary. It runs as follows:

"which has been declared to be unlawful by the Local Government under the powers hereby conferred."

And as section 16 is retained it is really idle to repeat that as a definition clause, and therefore I take it that Dr Gour has removed it. There is, however, a technical correction which may be made in the Bill: "16-A" put in by Dr. Gour should be, more scientifically speaking, "17-A" because it refers both to sections 16 and 17; but that does not affect any question before the House. Again, he used the words "Governor General in Council", taking, I think, the Act as it was originally passed and ignoring the repealing Statute which substituted the words "Local Government" for the words "Governor General in Council"; it involves making a merely verbal amendment; it is not a question of substance; and at all times before passing a Bill such amendments can and should be made, and there is the Council of State also. Therefore, Sir, I venture to submit that the objections which have been raised by Mr. Tonkinson are not really serious objections. If really the Government oppose it, let them oppose it on the merits; but let us know exactly what the objection is; let us know whether even to this very diluted, this very modest, this microscopic reform which Sir Hari Singh Gour wants to introduce, the Government are opposed. Let us know what the objection is. There is no use in saying that you should bring forward a scientific Bill. Dr. Gour does not enjoy the luxuries which the Government of India possess; he has not got draftsmen, secretaries and under-secretaries under him; he has not a huge library at his disposal; he has none of those luxuries. He can very well speak for himself, and I do not propose to enlarge upon that,

as he may possibly disclaim my assistance. I shall therefore confine myself to my own case, which is, to put before this House plainly, its duty, as emphatically as my voice can reach, to pass such a Bill as this, and to send it up either to the Council of State for such action as it deems fit or to the Governor General in Council for such action as he thinks fit. Our duty is plain, and we cannot be defaulting in our duty; we cannot be looking at commas and semi-colons when a question like this is introduced. There is nothing intrinsically wrong about the amendment, there is nothing inartistic about it, nor am I able to see any legal or technical flaws in this Bill except the need for the verbal amendment I have indicated. Just as people may divide themselves, lawyers and non-lawyers may divide themselves, our draftsman rebels against another draftsman's original conception. But, Sir, I am willing, as an humble Member of this House, to accept the draftsmanship of Sir Hari Singh Gour as suited to the requirements of the situation, and I trust, with the verbal change I have proposed, all the Members on this side will be quite willing to support this measure. Therefore, Sir, with the exception of this change, I heartily support this Bill, and I would appeal to the Members of this House to vote solidly in favour of this Bill.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, I want to

Mr. President: Will the Honourable Member ask his own party men not to rise if the Chair wants to accept closure?

Mr. T. Prakasam: May I have your permission to say a few words, Sir?

Mr. President: Yes.

Mr. T. Prakasam: Sir, this is a measure in which a very simple request has been made to this House. During the last few weeks I have been sitting here, I have been noticing even when questions relating to the liberties of person and property come up, there is no serious thought or consideration given to such questions. Parliamentary traditions, no doubt, we are told, we are building up here. We might build up Parliamentary traditions, but at the same time we must also build up something of the power that belongs to that Parliament in this House. Now in the third clause of this Bill, what is proposed to be inserted after section 16 of the Act as it stands, is this:

"16A. Any person deeming himself aggrieved by an order of the Governor General in Council, declaring such association to be unlawful, and any person convicted under the provisions of section 17 may appeal to the High Court on the ground that the declaration should never have been made."

This is a request made to this House to give a right of appeal, whenever "the Governor General in Council", which, by this Bill, is substituted in place of "the Local Government", declares an association unlawful without notice, without inquiry, and without evidence. When such an order is made, a person living in this country, a person who belongs to this country, should have a right of appeal to the highest court; he should have that elementary liberty that is guaranteed by the *Habeas Corpus* Act of the country to which most of the Members of the opposition belong. All that is demanded in this clause is that that right should be extended to persons here. Well, they laugh; they lie down; they stretch themselves, and then they say, "What does it matter, you may speak, we will laugh". Who is the Governor General in Council referred to here? Who

[Mr. T. Prakasam.]

is the Governor General in Council that gives a warrant to arrest a person whose case has not been heard, who has not been given any notice? We know who the Governor General in Council here is so far as we are concerned. It is the Honourable the Home Member that constitutes the Governor General in Council. If this Governor General in Council gets some information from above or from across the seas or from somewhere in the jungles around this House, an order can go forth for the arrest of a person, an order which curtails the liberty of a person. We are told that we cannot ask for a right of appeal; we cannot challenge this order. That is the most extraordinary situation in which this country stands to-day. I have never had any hope, Sir, that any measure that might be passed into law for the people would really be put into practice in India. Specially after I heard from the lips of the Honourable the Home Member yesterday on the question put by Pundit Hirday Nath Kunzru whether in future also there would be so much time taken for the separation of judicial from executive functions, that it might possibly take 90 years. (*An Honourable Member*: "Gradually.") I have not much hope that any measure that might be passed by this House would really be put into practice. But as my friend Mr. Srinivasa Iyengar had told this House, whether this measure is passed or not, whether it is given effect to or not, we have come here to stand face to face and to give you as much trouble as we possibly can until we get you to realise that you cannot have all your own way.

Clause 4 says 'other than British subjects'. I am sorry, Sir, that the Honourable Sir Hari Singh Gour thought it necessary to put it in this particularly mild form in the forlorn hope that the Honourable the Home Member and the Treasury Benches would back him up. No reasoning will appeal to them. Why should we have surrendered in limiting it? Was not this a land of freedom? If it was not a land of freedom at any time, and even if it is to continue to be a land of slaves under this British Government, why should there be any restriction with regard to the application of the *habeas corpus* rule, with regard to the freedom of any person who might come into this land? What does it matter whether he is a British subject or not? A subject who lives in the Hyderabad territory is not a British subject; a subject who lives in an Indian State is not a British subject. This clause means that they can have no remedy. I certainly say that we should not put such limitations. They talk of Bolsheviks; they talk of so many other persons that might come here from the heavens even in times when we are having civil aviation and military aviation. What is it that this Government has not got at its back to protect itself and to protect person and property in India? What is it that they have not got to-day to give freedom to this land and to protect their own interests here? "Other than British subjects" is the clause sought to be introduced in the Bill with a view to limit protection only to them. I submit, Sir, that we should not have been parties to such a clause. But in the absence of any other amendment or in the absence of any other provision, I have to give my support to this measure as it is.

Let me tell you one word before I sit down, Sir. This Criminal Law Amendment Act of 1908 was passed nearly 19 years ago. We have been witnessing what has been going on in this country all these 19 years. The Criminal Law Amendment Act was passed then and so many other repressive laws have been passed subsequently, all with the idea, with only

one idea, of making them serve as a bulwark against dangerous political ideas spreading. That is the real cause of all these repressive laws. It was not because there were not sufficient laws on the Statute-book. It was not because there was no military or army, no force, no police, which they could put into the field and secure the freedom of person and property. But I will ask the Honourable the Home Member to think for himself to what extent they could have prevented the spreading of the dangerous idea during the last 19 years. We have come here to-day, after we have passed during the last six years through three different stages of our political struggle. Now, we are here. But we are outside also and you must realise that you will have to yield to public opinion. I have been a student of constitutional law and constitutional history to some extent of my life and I believe in public opinion asserting itself and I believe in Englishmen realising what it would be if public opinion is discarded and trampled under foot for ever.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 16th February, 1927.

LEGISLATIVE ASSEMBLY.

Wednesday, 16th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

PROCEDURE REGARDING ANSWERS TO ORAL QUESTIONS.

451. ***Khan Bahadur Haji Abdullah Haji Kasim:** (a) Are Government aware that the present procedure of answering interpellations orally is a source of inconvenience to Members who are desirous of asking supplementary questions?

(b) Are Government prepared to follow the procedure of the Madras Legislative Council, where the questions and answers are laid on the table half an hour before sitting?

The Honourable Sir Alexander Muddiman: The answer to both parts of the question is in the negative.

Khan Bahadur Haji Abdullah Haji Kasim: A supplementary question, Sir. May I know, Sir, whether the Members of this House can claim the same rights and privileges as those enjoyed by the Members of the House of Commons?

The Honourable Sir Alexander Muddiman: Yes, Sir, in this matter.

Khan Bahadur Haji Abdullah Haji Kasim: Is it not a fact, Sir, that Parliament meets after dusk to suit the convenience of the Members belonging to the different professions?

* (The Honourable Member repeated the question at the Honourable Sir Alexander Muddiman's request.)

The Honourable Sir Alexander Muddiman: I do not know whether that arises out of this question, but I believe, Sir, that that is the case.

Sir Purshotamdas Thakurdas: If many Members of this House experience inconvenience in asking supplementary questions when oral replies are given, have Government any objection to putting the replies on the table also in the morning?

The Honourable Sir Alexander Muddiman: I have answered that in my reply to the first part of the question.

Sir Purshotamdas Thakurdas: I thought that the reply from the Honourable Member to the first part of the question was "No". The question was: "Are Government aware that the present procedure of answering interpellations orally is a source of inconvenience to Members". I understood the Honourable Member to say, "No".

The Honourable Sir Alexander Muddiman: I said " No " to both parts.

Sir Purshotamdas Thakurdas: I see.

IMPERIAL DAIRY EXPERT IN BANGALORE.

452. ***Mr. O. Duraiswamy Aiyangar:** (a) Is it a fact that there is a dairy expert of the Government of India employed in Bangalore?

(b) If so, will Government state what the purpose^s and functions of that officer are?

(c) Have Government been receiving any reports of the work turned out by the Imperial dairy expert in Bangalore?

(d) If so, do Government propose to lay on the table the latest annual report of that officer?

Mr. J. W. Bhore: (a) Yes.

(b) The duties of the Imperial Dairy Expert are briefly (i) the control of the Government Cattle-breeding Farms and their dairy operations, (2) the supervision of dairy instruction, (3) experiment on and research into problems connected with the establishment of a dairy industry on a commercial scale, and (4) generally to advise Local Governments, provincial officers and military dairy farms when so desired. He is also Secretary to the Central Bureau of Animal Husbandry at Bangalore.

(c) Yes.

(d) The latest annual report of the Imperial Dairy Expert is contained in pages 110-128 of the Scientific Reports of the Agricultural Research Institute, Pusa, for 1925-26, a copy of which is available in the Members' Library.

Mr. Mukhtar Singh: Does not Government consider it to be a provincial subject?

Mr. J. W. Bhore: Does not Government consider what to be a provincial subject, Sir?

Mr. Mukhtar Singh: The dairy industry?

Mr. J. W. Bhore: Yes, but I have pointed out that his work lies in research connected with the establishment of a dairy industry and Research is a central subject.

Mr. Mukhtar Singh: Is not research into dairy questions a matter of interest to Provincial Governments?

Mr. J. W. Bhore: Provincial Governments are not precluded ~~from~~ undertaking research but it is also a central subject, Sir.

Mr. O. Duraiswamy Aiyangar: May I know, Sir, whether if the Local Governments arrange for dairy experts, it is not a duplication of functions and unnecessary expenditure for the Imperial Government also to maintain dairy experts in these provinces?

Mr. J. W. Bhore: We are not maintaining a dairy expert for any particular province

EXPENDITURE ON TROOPS SENT OUT OF INDIA.

458. ***Mr. Chaman Lall:** (a) Will Government state the number of Indian troops that have been recently sent out of India?

(b) Will Government state whether all expenses relating to the despatch of such troops abroad have so far been borne by the Government of India?

(c) Will Government state under what authority and by whose order such expenditure has been incurred?

Mr. G. M. Young: (a) The Honourable Member is referred to the press communiqué on the subject which was published on the 24th January.

(b) The Honourable Member is referred to the answer given on the 31st January to a short notice question put by Mr. Srinivasa Iyengar.

(c) No expenditure from Indian revenues has been incurred.

(Mr. Chaman Lall had changed his seat and taken a seat near the Government Benches; therefore Mr. President called on Mr. Mukhtar Singh to put his question, No. 456.)

Mr. Chaman Lall: Sir,

Mr. President: The Honourable Member must be in his seat to put his questions.

(Questions Nos. 454 and 455 after question No. 468.)

CONTRIBUTIONS BY THE IMPERIAL GOVERNMENT TO THE PROVINCIAL GOVERNMENTS FOR THE IMPROVEMENT OF AGRICULTURE AND INDUSTRIES.

456. ***Mr. Mukhtar Singh:** Will Government be pleased to place on the table a statement showing the contributions of the Imperial Government to the different Provincial Governments for the improvement of (a) agriculture and (b) industries?

CONTRIBUTIONS BY THE IMPERIAL GOVERNMENT TO THE PROVINCIAL GOVERNMENTS FOR THE IMPROVEMENT OF AGRICULTURE AND INDUSTRIES.

457. ***Mr. Mukhtar Singh:** Will Government be pleased to state if the contributions given by the Imperial Government to the Provincial Governments for the improvement of agriculture and industries are marked out to be used for definite purposes? If so, will the Government be pleased to place on the table a statement of instructions given to the Local Governments for the spending of such grants?

The Honourable Sir Basil Blackett: I propose to answer questions Nos. 456 and 457 together. No contributions are made by the Imperial Government to the different Provincial Governments for the improvement of agriculture and industries. The other parts of the questions do not, therefore, arise.

POSITION OF INDIANS IN FIJI.

458. ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that the Government of India refused to send an Indian deputation to Fiji unless there was a guarantee that the position of Indian immigrants in Fiji was to be deemed as equal to that of all other subjects of His Majesty resident in Fiji?

(b) Is it a fact that the Government of Fiji gave the required pledge as a condition precedent to the sending of a deputation from India?

Mr. J. W. Bhore: Yes.

INDIAN POPULATION OF FIJI.

459. ***Mr. C. Duraiswamy Aiyangar:** Will Government be pleased to state the population of Indians in Fiji as compared with the Europeans? Is it a fact that the Indians now number 65,000 whereas the Europeans and the other Whites number less than 5,000?

Mr. J. W. Bhore: According to the census taken in 1921 the Indian population in the Colony numbered 60,634 as against 3,878 Europeans. From the correspondence published in the Government of India Resolution No. 24-Overseas, dated the 12th January, 1927, it will be seen that the Indian population is now estimated at 65,500.

NUMBER OF EUROPEAN AND INDIAN MEMBERS OF THE FIJI LEGISLATIVE COUNCIL.

460. ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that according to the present proposals there will be in future six elected and thirteen nominated Europeans in the Fiji Legislative Council as against only three Indians?

(b) Do the Government of India propose to pursue the cause of Indians until equality is secured?

Mr. J. W. Bhore: (a) The proposed constitution of the Fiji Legislative Council is explained in the published correspondence referred to. Three seats will be provided for the elected representatives of the Indian community and three seats for the Fijian representatives, while the number of European unofficial members will be reduced by one so that they may not have a majority over the Indian and Fijian representatives together.

(b) The attitude of Government has been explained in my reply to Mr. Gaya Prasad Singh's question No. 252. Their future action will depend upon the course of events.

ABOLITION OF THE POLL-TAX IN FIJI.

461. ***Mr. C. Duraiswamy Aiyangar:** Have Government any information as to the abolition of the poll-tax in Fiji?

Mr. J. W. Bhore: No, Sir.

STATUS OF INDIANS IN FIJI.

462. ***Mr. C. Duraiswamy Aiyangar:** Have Government any information regarding the following matters concerning the status of Indians in Fiji:

- (a) Expansion of the municipal franchise so as to secure an adequate representation for Indians on municipal councils;

- (b) Right of Indians to demand a jury of their own countrymen in criminal trials or any jury at all;
- (c) Removal of restrictions imposed on Indians by the Emigration Ordinance, the Education Ordinance, the Flogging Ordinance, the Master and Servants Ordinance, the Prison Ordinance enforcing street and menial labour on Indian prisoners, etc.?

Mr. J. W. Bhore: (a) The question will be examined by a local committee on which the Indian community will be adequately represented.

(b) and (c). These matters are still under correspondence.

COST OF THE INDIAN DEPUTATION OF FIJI.

463. ***Mr. C. Duraiswamy Aiyangar:** Will Government be pleased to state the cost of the Indian deputation to Fiji?

Mr. J. W. Bhore: The attention of the Honourable Member is invited to the reply given by me on the 27th January, 1925, to part (d) of Mr. Gaya Prasad Singh's question No. 301.

TRAVELLING CINEMA ON THE GREAT INDIAN PENINSULA RAILWAY.

464 ***Mr. M. S. Aney:** 1 Will Government be pleased to state whether the Railway Board has started or proposes to start any travelling cinema on the Great Indian Peninsula Railway for showing a film dealing with "Safety-First" matters as mentioned in the Indian Railways Report for 1925-26?

2 Will Government be pleased to state the approximate estimates of the permanent and recurring expenditure which the Railway Board will have to incur on account of the proposed cinema scheme?

3. Will Government be pleased to state what Company is entrusted with the planning and preparation of the above film for the Safety First Cinema? And at what cost? Whether tenders were invited from Indian companies?

4. Will Government be pleased to give in details the whole scheme for working the travelling cinema so as to be educative to the staff on the Railways and the travelling public?

Mr. A. A. L. Parsons: 1 A travelling cinema has been introduced on the Great Indian Peninsula Railway, and it is proposed to prepare a film on the subject of "Safety First" for exhibition on that cinema.

2. The cost of the cinema scheme is not yet known as the publicity scheme has not yet been fully settled, but the cost of altering and fitting out a vehicle as a cinema car on the Great Indian Peninsula Railway was Rs. 5,884.

3. The Great Indian Peninsula Railway has been entrusted with the planning and preparation of the "Safety First" film. The cost is not yet known, but the films will be prepared by the Publicity Department of the Great Indian Peninsula Railway and no tenders have therefore been invited.

4. The Honourable Member is referred to page 78 of the Railway Board's Report on Indian Railways for 1925-26, Volume I. The Honourable Member must understand that the whole scheme is at present experimental. Government are, however, of opinion that travelling cinemas are likely to prove of considerable value for educative and advertisement purposes, and with this object in view have decided to equip the remaining State-worked lines with travelling cinemas, which will use the films prepared by the Great Indian Peninsula Railway.

APPOINTMENT OF ENGINEERS ON SHORT TERM COVENANTS FOR STATE RAILWAYS.

465. *Mr. M. S. Aney: 1. Will Government be pleased to state if the Secretary of State has appointed any employes solely for the supervision of the construction of State-lines and capital works?

2. If so, will Government give the dates on which the appointments of these officers were made and the amount of salaries and allowances which each of these appointments carries?

3. Will Government be pleased to state whether the Railway Board represented to the Secretary of State at any time before the actual appointments by him, the necessity of any such appointment?

4. Will Government be pleased to state whether the question was brought before the Central Advisory Council of the Railway Board for their opinion at any meeting before or after reference of the same to the Secretary of State? And what opinion, if any, was given by the Central Advisory Council on the question?

Mr. A. A. L. Parsons: (1) and (3). The Honourable Member is presumably referring to certain engineers whom it was found necessary to ask the High Commissioner for India to recruit on short term covenants in order to get ahead with the large programme of new construction on which a commencement has now been made. These engineers will not, however, necessarily be employed solely on the supervision of new constructions or capital works. The Secretary of State was not addressed.

(2) A statement giving the information desired is laid on the table.

(4) The Central Advisory Council was not consulted.

Statement showing the names of Short Term Engineers appointed by the High Commissioner for India for Indian State Railways.

Serial No.	Name.	Date of appointment.	Rate of pay.
			Rs.
1	C. E. Hunt	12th February 1926	800
2	A. D. Ross	19th February 1926	800
3	R. Hunter	26th March 1926	700
4	W. G. Morgan	26th March 1926	800
5	L. Hargrave	21st January 1927	950
6	T. M. Palmer	21st January 1927	950
7	R. W. Langham	10th October 1926	500
8	L. W. Patrick	27th September 1926	600
9	N. J. Durrant	27th September 1926	800

Statement showing the names of Short Term Engineers appointed by the High Commissioner for India for Indian State Railways—contd.

Serial No.	Name.	Date of appointment.	Rate of pay.
			Ra.
10	J. W. Revell	27th September 1926	1,000
11	F. T. Ames	27th September 1926	1,000
12	W. P. Lewis	26th March 1926	1,000
13	B. Das	26th February 1926	800
14	V. H. Sadarangani	5th March 1926	800
15	H. Ahmad	September 1926	850
16	G. L. Davis	October 1926	800
17	C. A. P. Hart	October 1926	650
18	P. J. De Lantour	July 1926	1,000
19	S. S. Gupta	February 1927	400
20	A. Orr	26th March 1926	800
21	W. E. Thomas	26th March 1926	1,000
22	O. G. Stanley	19th March 1926	1,000
23	F. S. de V. Gould	12th March 1926	850
24	A. K. Aga	27th September 1926	500
25	Capt. W. J. Kettle	10th October 1926	950
26	Angell Smith	28th January 1927	800
27	D. J. Stott	26th March 1926	700
28	H. G. Bengough	19th March 1926	650
29	W. B. Macnab	10th October 1926	550
30	W. S. Milne	27th September 1926	800

PROVISION OF AMENITIES FOR THIRD CLASS PASSENGERS BY RAILWAYS.

466 ***Mr. M. S. Aney:** Will Government be pleased to state whether the Railway Board in pursuance of a resolution unanimously passed by the Railway Standing Finance Committee on the 18th November, 1925, called upon the Agents to note in framing their programmes of expenditure for 1926-27 and 1927-28, the various suggestions which have been made in the Advisory Committees or in Railway Finance Committee for the provision of amenities for passengers and especially third class passengers, the cost of carrying out the same and the reasons why any such suggestions have been turned down or modified?

Mr. A. A. L. Parsons: Agents have been asked to include in their quinquennial programmes commencing with the programme for the quinquennium 1927-28—1932-33 a description of the measures proposed for improving the standard of comfort of the travelling public, particularly the lower class of passengers, together with the approximate expenditure proposed and have been informed that the opportunity should also be taken of explaining to what extent they have been able to meet any suggestions made to them by their Advisory Committees or brought to their notice as the result of discussions in the Standing Finance Committee.

ACTION TAKEN ON RECOMMENDATION MADE BY ADVISORY COMMITTEE OF RAILWAYS.

467. ***Mr. M. S. Aney:** Will Government be pleased to place on the table a statement giving the following details:

(a) Names of the Advisory Committees and the suggestions made by them in the years 1925-26 and 1926-27?

- (b) Recommendations that have been accepted and carried out with the cost incurred during the same period?
- (c) Recommendations not accepted or carried out with reasons for rejection during the same period?

Mr. A. A. L. Parsons: (a), (b) and (c). I would refer the Honourable Member to the Quarterly Summaries of the Proceedings of the Local Advisory Committees of Railways which are in the Library. I place on the table a list of the Advisory Committees.

List of the Local Railway Advisory Committees.

1. Assam Bengal Railway Local Advisory Committee.
2. Bengal and North Western Railway Local Advisory Committee (U. P. Committee).
3. Bengal and North Western Railway Local Advisory Committee (Bihar and Orissa Committee).
4. Bengal Nagpur Railway Local Advisory Committee.
5. Bombay, Baroda and Central India Railway Local Advisory Committee.
6. Burma Railway Local Advisory Committee.
7. Eastern Bengal Railway Local Advisory Committee.
8. East Indian Railway Local Advisory Committee (Calcutta Committee).
9. East Indian Railway Local Advisory Committee (U. P. Committee).
10. Great Indian Peninsula Railway Local Advisory Committee (Bombay Committee).
11. Great Indian Peninsula Railway Local Advisory Committee (C. P. and Berar Committee).
12. Madras and Southern Mahratta Railway Local Advisory Committee.
13. North Western Railway Local Advisory Committee (Lahore Committee).
14. North Western Railway Local Advisory Committee (Karachi Committee).
15. Rohilkund and Kumaon Railway Local Advisory Committee.
16. South Indian Railway Local Advisory Committee.
17. H. E. H. the Nizam's Guaranteed State Railway Local Advisory Committee.

APPOINTMENT OF AN ADVISORY COMMITTEE ON THE BENGAL NAGPUR RAILWAY.

468. ***Mr. M. S. Aney:** Will Government be pleased to state whether the Bengal Nagpur Railway has appointed any Advisory Committee? If so, how many members on the Committee are from Central Provinces?

Mr. A. A. L. Parsons: The Bengal Nagpur Railway has formed a Local Advisory Committee. There is no member from the Central Provinces on it.

Mr. M. S. Aney: Will Government take steps to have some representatives of the Central Provinces on that Committee?

***Mr. A. A. L. Parsons:** I will convey the Honourable Member's suggestion to the Agent of the Bengal Nagpur Railway Company but the Government will not be prepared to direct him to put an inhabitant of the Central Provinces on the Local Advisory Committee.

Mr. C. Duraiswamy Aiyangar: May I ask the Honourable Member whether the Government are prepared to make any arrangements by which Members of the Legislative Assembly will be taken on the Local Advisory Committee as *ex officio* members in those parts in which the particular railway runs?

Mr. A. A. L. Parsons: The Government have carefully considered the question and for reasons of a quasi-constitutional nature they are not prepared to adopt that proposal.

Mr. C. Duraiswamy Aiyangar: May I know what harm is expected if Members of the Legislative Assembly are on the Local Advisory Committees?

Mr. B. Das: Is it not a fact that Mr Sim replying on the floor of the House said that the Bengal-Nagpur Railway was going to have four Local Advisory Committees, one at Nagpur one at Adra, one at Vizagapatam and one at Calcutta? How is it then that in Nagpur a Local Advisory Committee has not been formed so far?

Mr. A. A. L. Parsons: I am afraid I do not know what Mr. Sim said on the floor of this House. Will the Honourable Member give me notice?

Mr. B. K. Shanmukham Chetty: Has the Honourable Member considered the advisability of asking the local Agents to co-opt the members of the Standing Finance Committee for Railways as *ex officio* members in the respective areas from which they come?

Mr. A. A. L. Parsons: Yes.

Mr. B. K. Shanmukham Chetty: Has any step been taken in that direction?

Mr. A. A. L. Parsons: No, for the reasons that I have given in answer to Mr. Duraiswamy Aiyangar's question.

Mr. B. Das: Is it not a fact that the Honourable Mr. Sim gave us to understand that the Bengal Nagpur Railway was going to have four Local Advisory Committees at four different places and one of them was to be at Nagpur?

Mr. A. A. L. Parsons: I do not remember.

Mr. B. Das: Will the Honourable Member look into it?

Mr. Chaman Lall: May I now, with your permission, put questions Nos. 454 and 455?

Mr. President: Mr. Chaman Lall.

BOYCOTT BY AUSTRALIAN SEAMEN OF SHIPS INTENDED FOR CHINA.

454. ***Mr. Chaman Lall:** Are Government aware that Australian seamen have announced their intention of boycotting ships intended for China?

Mr. E. B. Howell: The Government of India regret to say that they have no information.

Mr. A. Rangaswami Iyengar: May I know if the attention of Government has been drawn to the news appearing in the Press that the Australian Commonwealth have decided not to send troops to the Chinese operations?

Mr. E. B. Howell: Does that question arise, Sir?

Mr. Chaman Lall: May I ask the Honourable Member whether it is not a fact that news has appeared in the papers that Australia is not going to support the British adventure in China?

Mr. E. B. Howell: I have no official knowledge of that.

Mr. A. Rangaswami Iyengar: Am I to presume that Honourable Members on the opposite side never read Reuters' news about the Chinese operations at all?

DESPATCH BY THE SELF-GOVERNING DOMINIONS OF TROOPS TO CHINA.

455. **Mr. Chaman Lall:** Will Government state whether any self-governing Dominion has helped the British Government by sending troops to China? If not what necessity was there for the despatch of Indian troops abroad?

Mr. G. M. Young: So far as Government are aware no Dominion Government has despatched troops to China. As regards the latter part of the question the Honourable Member's attention is invited to the pronouncement on the subject in His Excellency the Viceroy's address to the Assembly on the 24th January.

Mr. Chaman Lall: Arising out of that answer, may I ask the Honourable Member whether that address did not contain a statement that Indian lives and Indian property were in danger in China, and whether it is a fact that no Indian lives and no Indian property are actually in danger in China?

Mr. G. M. Young: As regards the first part of the question His Excellency the Viceroy's address is part of the proceedings of the House. The Honourable Member can read it as well as anybody else. As regards the second part I have no information.

Mr. Chaman Lall: May I ask whether the statement made by His Excellency the Viceroy was made without any facts to corroborate it?

(Cries of "Order, order.")

Mr. Chaman Lall: May I ask the Honourable Member whether he will give me a reply to my question, namely, whether a statement was made by His Excellency the Viceroy regarding Indian lives and Indian property being in danger and whether there were no facts to corroborate it?

Mr. A. Rangaswami Iyengar: May I know if the Honourable Member's attention has been drawn to the news published by Reuter to-day that in the House of Commons Lord Stanley replied that Indian troops would not be employed on service outside the external frontiers of India except for defensive purposes and in very grave emergencies and that this was in pursuance of the Resolution of the Legislative Assembly in 1921, and whether Government propose to give effect to the full text of that Resolution?

Mr. G. M. Young: My attention has been drawn to that statement but I have not yet seen it.

EXTENSION OF THE REFORMS TO THE NORTH-WEST FRONTIER PROVINCE.

Mr. Abdul Haye: With your permission, Sir, I propose to put the following question of which private notice has been given.

Mr. President: I have no notice.

The Honourable Sir Alexander Muddiman: It is not a private notice question. This is a question that was postponed at my request.

Mr. Abdul Haye: (a) Will the Government please state if it is a fact that they have decided not to take any action on the Resolution regarding the extension of the Reforms to the North-West Frontier Province passed by this House on March 19, 1926? Have they decided to keep this question in abeyance until the appointment of the Statutory Royal Commission on Reforms?

(b) If the answer to part (a) be in the affirmative, will the Government please state the reasons for this decision?

(c) If no decision regarding this question has been arrived at, will the Government please state the probable date by which a decision may be expected?

Mr. President: Before an answer is given I should like to know exactly the procedure that is followed in such cases. The Chair has no intimation whatever as to the proposed question and I do not know how it is that the Honourable Member (Mr Abdul Haye) gets up in this House and puts that question. I should like to know by what arrangement the question is being asked without the Chair knowing anything about it.

The Honourable Sir Alexander Muddiman: I should like to explain that it is my fault. When I spoke to you this morning about Mr. Jinnah's question I forgot that Mr. Abdul Haye had a question postponed on the same terms. I should have brought it to your notice and I regret that I did not do so.

Mr. President: The Honourable Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: (a) The answer to both parts of the question is in the negative.

(b) Does not arise.

(c) No date can be indicated.

EXTENSION OF THE REFORMS TO THE NORTH-WEST FRONTIER PROVINCE.

Mr. M. A. Jinnah: (a) Will the Government be pleased to inform the House whether they have taken or propose to take any step with regard to the Reforms in the North-West Frontier Province in view of the Resolution passed by the Assembly in March, 1926, and if so, what?

(b) Will the Government be pleased to make a full statement of the position regarding the question of Reforms in the North-West Frontier Province?

The Honourable Sir Alexander Muddiman: (a) Government have been, and are in correspondence with the Chief Commissioner on the subject, and have not yet matured any proposals.

(b) The position regarding the introduction of a reformed constitution in the North West Frontier Province was fully stated in my speech in the House on the 19th March, 1926. Government do not consider it necessary to make any further statement on the position than was then made.

Lala Lajpat Rai: Has the attention of Government been drawn to a paragraph in the "Pioneer" announcing that the Government have decided to establish a Legislative Council in the North West Frontier Province on the lines of the Morley-Minto scheme?

The Honourable Sir Alexander Muddiman: No, my attention has not been drawn to that.

Lala Lajpat Rai: Is there any truth in that statement?

The Honourable Sir Alexander Muddiman: As I have already said, the Government have not come to a decision

PRIVATE NOTICE QUESTIONS AND ANSWERS.

ISSUE OF EMERGENCY CURRENCY TO THE IMPERIAL BANK OF INDIA.

Sir Purnhotamdas Thakurdas: Sir, I beg to put two questions to the Honourable the Finance Member of which you have been pleased to allow short notice, and which the Honourable Member, I understand, is prepared to answer to-day.

822. (a) Is it a fact that the Government of India in August 1924 had promised emergency currency to the Imperial Bank of India as follows:

Rs. 4 crores at 6 per cent.

and

Rs. 8 crores at 7 per cent.?

(b) Did the Imperial Bank of India apply to Government for emergency currency last week when the Bank Rate was six per cent., and is it a fact that this was refused at six per cent., but was offered at 7 per cent.?

(c) Is it a fact that this refusal of Government necessitated the raising of the Imperial Bank of India rate to 7 per cent. last week?

(d) Will Government be pleased to state their reason for this change of policy in advances of emergency currency to the Imperial Bank?

The Honourable Sir Basil Blackett: (a) In August 1924 the Government modified the general orders under section 20 of the Paper Currency Act of 1923 detailing the procedure to be adopted in actual practice in connection with the issue of seasonal currency so as to provide that the entire amount of loans made from currency against bills of exchange outstanding at any time shall bear interest at Bank rate subject to a minimum limit of 6 per cent. for the first 4 crores and of 7 per cent. for subsequent 8 crores. This modification was intimated to the Imperial Bank but no undertaking was given or implied that the Government would always make advances at the minimum rates mentioned irrespective of financial conditions.

(b) On Monday, the 7th February, the Imperial Bank informed the Controller of the Currency that it desired to borrow towards the end of the week and on Wednesday, the 9th February, the Controller informed the Bank after having previously consulted the Government of India that the Government were not prepared to lend under 7 per cent.

(c) Yes.

(d) There has been no change of policy. The financial conditions at the time when the Bank desires to borrow must obviously govern the rate at which loans are made on such occasion. On the present occasion financial conditions did not justify an expansion of currency while the Bank rate was below 7 per cent. Conditions were entirely different on the last occasion of the issue of emergency currency.

TOTAL DEFLATION OF CURRENCY SINCE THE 1ST APRIL 1926.

823. **Sir Purshotamdas Thakurdas:** Will Government be pleased to state the total deflation of currency effected by them in India since the 1st April, 1926, up to date?

The Honourable Sir Basil Blackett: The contraction of note issue effected by cancellation of notes issued against securities between the 1st April, 1926 and the 7th February, 1927 was 30,77 lakhs, but during this period the amount of notes issued against silver bullion and rupees increased by 17,46 lakhs, the net result being a contraction of 13,31 lakhs.

Sir Purshotamdas Thakurdas: With reference to the Honourable Member's reply to question No. 822 (a), may I ask the Honourable Member whether the construction which he now seeks to put, namely, 6 per cent. as the minimum rate, does not clash with the Government of India's letter to the Bengal Chamber of Commerce, dated the 25th August, 1924, the last sentence of which reads as under:

"It is proposed in future while retaining the limit of 4 crores when the bank rate is at 6 per cent., to permit the issue of the remaining 8 crores when the bank rate is at 7 per cent., etc."

Does not that give the clear impression that the rate will be 6 per cent. for the first four crores and does not the construction which the Honourable Member to-day puts upon it clash with this letter to the Bengal Chamber?

The Honourable Sir Basil Blackett: Certainly not. The intention from the first was that 6 per cent. should be the minimum rate. There has been no change of policy from the first.

Sir Purshotamdas Thakurdas: May I draw the Honourable Member's attention to the fact that his letter to the Bengal Chamber of Commerce does not have the word "minimum" at all?

The Honourable Sir Basil Blackett: I do not know whether it contains the word "Minimum". It contains the word "permit" and I have nothing to add.

Sir Purshotamdas Thakurdas: May I hand over a copy of that letter to the Honourable Member and suggest that he is now putting a new construction on the letter to the Bengal Chamber of Commerce?

The Honourable Sir Basil Blackett: There has been no change whatever of policy. This was the intention of Government from the beginning and that intention has been carried out.

Sir Purshotamdas Thakurdas: Is the Honourable Member aware that this intention was only known to him and that the construction is not borne out by the impression which the commercial community till now has had.

The Honourable Sir Basil Blackett: These are the words of the letter to the Imperial Bank:

"No loan shall be made until the bank rate rises to 6 per cent. The entire amount outstanding at any time shall bear interest at the bank rate, subject to a minimum rate of 6 per cent. for the first four crores and 7 per cent. for the rest."

Sir Purshotamdas Thakurdas: Will the Honourable Member be pleased to give the date of that letter?

The Honourable Sir Basil Blackett: The facts were published with the evidence of the Currency Commission.

Sir Purshotamdas Thakurdas: May I ask whether that letter was given the same publicity as the letter to the Bengal Chamber of Commerce?

Mr A. Rangaswami Iyengar: May I know whether this effort on the part of the Government to raise the bank rate to 7 per cent. has had anything to do with the exchange ratio?

The Honourable Sir Basil Blackett: The Honourable Member seems to be inviting me to embark on a long discussion.

Sir Purshotamdas Thakurdas: With reference to the Honourable Member's reply to (d), may I ask whether he is prepared to say what is the difference in the financial conditions to-day and those in August 1924?

The Honourable Sir Basil Blackett: That requires a long discussion. The differences are many. As to one, I have in my hand the weekly issue of a Bombay Broker's circular which says:

"A possible explanation of this reported action on Government's part is that while it would be perfectly willing to supply *bona fide* trade requirements, it is evidently of opinion that there has been a considerable persistent borrowing of rupees against sterling securities, these borrowings being for the purposes of speculation in exchange."

Sir Purshotamdas Thakurdas: Will the Honourable Member say whether he always bases the policy of Government on information conveyed in a broker's circular, whose name he is not prepared to give to the House?

The Honourable Sir Basil Blackett: Brokers sometimes are right.

Sir Purshotamdas Thakurdas: Does the Honourable Member suggest that in this information the brokers are absolutely right?

The Honourable Sir Basil Blackett: They certainly sometimes divine the intention of Government correctly.

Mr. Ghanshyam Das Birla: May I know the name of the broker who issued this circular?

The Honourable Sir Basil Blackett: I will give the Honourable Member a copy.

Sir Purshotamdas Thakurdas: May I ask the Honourable Member whether the bank rate affects only certain people who may be supposed to be indulging in speculation or whether it also affects genuine trade and the genuine borrower?

The Honourable Sir Basil Blackett: I do not think it is much use continuing this discussion which is getting beyond the limits of question and

answer. I will repeat the statement that in the opinion of the Government of India financial conditions did not warrant the issue of emergency currency at a rate below 7 per cent.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. V. V. Jogiah: Will the Government be pleased to state if any further information has been received from the Bengal Nagpur Railway Company regarding the strikes and shooting resorted to at Kharagpur in this connection, and, if so, what it is?

The Honourable Sir Charles Innes: I am sorry, Sir, that I have not very much information to give the Honourable Member. The report which the Agent has promised me has not yet reached me but I understand that some Members of the House have not seen the press communiqué issued by the Agent yesterday in Calcutta and I propose first to read out the substance of that communiqué:

"The general situation as regards the strike on the Bengal Nagpur Railway remains substantially unchanged. Late on Monday night train control telephone wires between Calcutta and Kharagpur were cut but communication was restored before mid-day on Tuesday. The traffic staff at Tatanagar who struck work on the 12th instant and resumed again on the 13th stopped work again to-day but 60 men have been drafted in from Kharagpur to take their places and the station is in a position to handle all traffic offering. Pointsmen at Shalimar remain on strike and their places will be taken by 40 men drafted in from Kharagpur. Two inward goods trains are being dealt with at this station to-day and it is expected that all traffic offering can be handled there on Wednesday. All mail and passenger train services are being maintained throughout the line though some degree of late running is inevitable. With the exception of Tatanagar, strike is confined to Kharagpur and the section between Kharagpur and Calcutta."

Last night I got another wire to say that all sections are working except Kharagpur to Shalimar. That means, I suppose, that the Tatanagar staff has gone back and resumed work on Monday.

The Kharagpur workshops were closed and the traffic yard has been worked by well affected workshop men, also Shalimar and Santragachi. All passenger trains are running but there is a limited goods service in the Kharagpur-Shalimar section.

I may say that I am keeping myself in touch with the Agent and if I get any further information I will give it to Honourable Members at the earliest possible moment either in reply to such private and short notice questions as you may allow or in any other way that may seem fitting.

Mr. Chaman Lal: May I ask the Honourable Member whether it is not a fact that the Agent of the Railway says that there was violence on the part of the workmen and because of that violence he asked the Auxiliary Force Volunteers to mobilise and clear out the workmen from the station yard? Will the Honourable Member tell us what sort of alleged violence was indulged in by these workers in the station yard?

The Honourable Sir Charles Innes: I have no further information on that point beyond what I gave in the statement.

Mr. President: The Honourable Member is expecting further reports and in view of that it would be futile to pursue this matter, especially as he has agreed to answer any private and short notice questions that Members may desire to put.

(Mr. Joshi rose).

Does the Honourable Member wish to ask a supplementary question?

Mr. N. M. Joshi: Sir, I wanted to repeat my question again, whether Government are prepared to make an impartial inquiry into the grievances of the men as well as into the situation.

The Honourable Sir Charles Innes: That, Sir, is not a request for information but a request for action. As I told the Honourable Member, I am not prepared to make any statement on the subject.

UNSTARRED QUESTIONS AND ANSWERS.

GRANTS TO LOCAL GOVERNMENTS.

94. Mr. Mukhtar Singh: Will Government be pleased to place on the table a statement showing the following information:

- (a) the amount of grants given to the Local Governments during the last five years,
- (b) the amount spent by the different Local Governments during each year,
- (c) the amount of surplus which remained unused by the Local Governments in each year,
- (d) the purpose for which the money has been utilised by different Governments?

The Honourable Sir Basil Blackett: No contributions are made by the Imperial Government to the different Provincial Governments for the improvement of agriculture and industries. The other parts of the question do not, therefore, arise.

SCALES OF PAY OF SORTERS OF THE RAILWAY MAIL SERVICE.

95. Mr. N. M. Joshi: (a) Is it a fact* that the All-India Postal and Royal Mail Service Union prayed for the equalisation of the scales of pay of the Royal Mail Service?

(b) Has that request been granted?

(c) If the proposal has not yet been accepted, do Government propose to equalise the Royal Mail Service scale of pay with the Post Office scale with effect from the dates the Dead Letter Office scale was equalised?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. The All-India Postal and Railway Mail Service Union has asked for the equalisation of pay of Railway Mail Service sorters with that of postal clerks.

(b) A scheme for equalising the pay of postal clerks and Railway Mail Service sorters has, with the approval of the Standing Finance Committee, been provided for in the budget estimates of the Post and Telegraph Department for 1927-28.

(c) Does not arise.

TIME TEST OF THE RAILWAY MAIL SERVICE.

96. Mr. N. M. Joshi: (a) Is it a fact that in the Conference of the heads of all the postal and Royal Mail Service Circles held at Calcutta, sometime back, it was decided to provide in the time test, which is said

to be the basis for determining the strength of a Sorting Section or of a Sorting Mail Office, for several items of work for which no provision appears to have been made in the time test?

(b) If so, will Government lay on the table a copy of the time test with the several items of work for which provision has been made by that Conference and also state if the recommendation has been accepted and necessary action taken thereon to revise the establishment of the Sorting sections and Sorting Mail Office?

(c) If the recommendation has not yet been accepted, what are the reasons for the same?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, in 1919. The Conference of Heads of Railway Mail Service Circles assisted by Postal Officers of the Directorate.

(b) and (c). A copy of the Time Test recommended by the Conference with an asterisk against the items added by that Conference is laid on the table. The recommendation was neither accepted nor rejected by the Director-General and no action was taken. The question was kept over for examination until the financial position had improved. The Director-General now proposes to have the time test of the Railway Mail Service overhauled.

Department and class of work.	Present time basis.	Proposed time basis.
MAIL DEPARTMENT.		
Bags received	at M S. 0 10 each	at M. S. 0 10
Bags despatched	at 0 10 "	at 0 10
Transit bags opened	at 3 0 "	at 3 0
Transit bags closed	at 3 0 "	at 3 0
Mail lists received	at 0 30 "	at 0 30
Mail lists despatched	at 3 20 "	at 3 20 A
Mail bags opened	at 3 0 "	at 0
Mail bags closed	at 3 0 "	at 3 0
Return-train bags opened	at 10 30 "	at 7 0
Return-train bags closed	at 10 30 "	at 10 30
*Well transit opened . . . . .	.....	at 7 0
*Well transit closed . . . . .	.....	at 10 0
Total time required for Mail Department . . . . .	.....	....
SORTING DEPARTMENT.		
Unregistered articles received	at 0 2½ each	at 0 2½ B
Unregistered articles despatched	at 0 2½ "	at 0 2½ B
*Newspapers and large covers . . . . .	.....	at 0 3 C
*Undecipherable articles disposed of . . . . .	.....	at 0 10
*Transcription of vernacular articles . . . . .	.....	at 0 5
*Unregistered articles for foreign countries addressed in vernacular . . . . .	.....	at 0 10
*Stamping of articles posted in letter-boxes (when there is no van peon attached to the section) . . . . .	.....	at 0 1
*Preparation of a labelled bundle . . . . .	.....	at 0 30
Total time required for Sorting Department . . . . .	.....	.....
REGISTRATION DEPARTMENT.		
Registered bags opened	at 1 5 each	at 2 0 (including Regd. bundles.)
Registered bags closed	at 1 15 "	at 2 15
Registered letter mail articles received	at 0 20 "	at 0 30
Registered letter mail articles despatched	at 0 15 "	at 0 20

Department and class of work ¹	Present time basis.	Proposed time basis.
REGISTRATION DEPARTMENT—contd.		
*Booking of a registered letter	M. S.	M. S. at 3 0
*Weighment and examination of an insured envelope received	.....	at 0 30
*Weighment and examination of an insured envelope despatched	.....	at 0 30
Total time required for Registration Department	... ..	... ..
PARCEL DEPARTMENT.		
Parcel bags opened	at 1 30 each	at 3 0
Parcel bags closed	at 2 25 "	at 3 30
Insured bags opened	at 4 15 "	at 4 15 D
Insured bags closed	at 4 40 "	at 4 40 E ₁
Registered parcel mail articles received	at 0 40 "	at 0 40
Registered parcel mail articles despatched	at 0 25 "	at 0 30
Unregistered parcel mail articles received	at 0 20 "	at 0 30
Unregistered parcel mail articles despatched	at 0 10 "	at 0 10
*Weighment and examination of an insured parcel	.....	at 2 0
*Outside parcel received	.....	at 0 10
*Outside parcel despatched	.....	at 0 10
Total time required for Parcel Department	.....	.....
MISCELLANEOUS.		
*Work vide rules 136 and 88 of the Post Office Manual, Volume IV, etc.	.....	at 20 0

A.—Including the time for writing up mail lists and 3/ 20" are to be allowed for every 40 or less entries.

B.—In the case of travelling sections 0/ 3" and T. D. sections 0/ 4".

C.—In the case of travelling sections 0/ 4" and T. D. Sections 0/ 5".

D.—In the case of sorting offices 5/ 0".

E.—In the case of sorting offices 5/ 30".

Note.—According to the rules the Head Sorter is required to supervise and check the sorting work of the section, but the strict application of the time-test does not provide for the extra work required of the head sorter. It is, therefore, proposed to add to the actual time arrived at by the time-test a period of half an hour for each sorter justified by the time-test. In no case, however, should the additional establishment for supervision be more than 1 sorter per set.

WORKING HOURS OF EMPLOYEES OF THE RAILWAY MAIL SERVICE.

97. **Mr. N. M. Joshi:** (a) Is it a fact that the Railway Mail Service employees working in running sections are required to attend office, on the day of their return to Headquarters or on the following day as the case may be, that they are required to attend the platform at a certain hour (from 15 minutes to 1 hour as the case may be) fixed by the Superintendent of the respective Division, before the departure of the train by which they are to proceed and that they are generally detained at the station after reaching their beat, for a period extending to one hour and more?

(b) Has any definite datum been laid down for the purpose of counting the time spent under the above items for calculating the working hours of a running section?

(c) If not, do Government propose to consider the question of counting the time so spent towards duty and to issue necessary orders?

The Honourable Sir Bhupendra Nath Mitra: (a) The facts are generally as stated by the Honourable Member though the periods of time to which he refers vary according to circumstances.

(b) and (c). The matter is under examination and steps have already been taken to give relief in cases where it is considered to be urgently required.

GRANT OF HOUSE RENT ALLOWANCES TO THE MAIL GUARDS AND
OTHER INFERIOR SERVANTS OF THE RAILWAY MAIL SERVICE IN
THE MADRAS PRESIDENCY.

98. **Mr. N. M. Joshi:** (a) Is it a fact that the house rent allowance, sanctioned for the postmen and inferior servants of the Post Offices at Madras and at some important district centres in that Presidency, have not been sanctioned for the mail guards and other inferior servants of the Railway Mail Service who are respectively of equal cadre with the former?

(b) If so, do Government propose to sanction the same rates of allowances for the mail guards and other inferior servants of the Railway Mail Service?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) The question has been taken up by the Director-General.

MOTIONS FOR ADJOURNMENT.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. President: I have received two notices for adjournment on the subject of the strike at Kharagpur about which we have just had some questions. In view of the fact that the Honourable Sir Charles Innes has not received the report from the Agent which he expects shortly, and in view of the fact that he is always ready to supply the information to Honourable Members whenever available, do the Honourable Members who have given notices of these motions for adjournment, propose to press them?

Mr. Chaman Lall: I am in entire agreement with your suggestion and I do not intend to press my motion for adjournment in view of the fact that no information is available to-day. But, with your permission, I may add also that I hope no hindrance will be placed in the way of our getting the information supplied by the Agent.

Mr. M. K. Acharya: I also agree to your suggestion, Sir. It may wait.

THE INDIAN FOREST BILL.

Laid on the Table as passed by the Council of State.

Secretary of the Assembly: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table the Bill to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce, which was passed by the Council of State at its meeting of the 15th February, 1927.

THE STEEL INDUSTRY (PROTECTION) BILL—contd.

Mr. President: The House will now ~~rest~~ resume further discussion of the motion:

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, the motion before the House is that the Bill be taken into consideration. To that an amendment has been moved by my Honourable friend Mr. Jamnadas Mehta that the Bill be recommitted to the Select Committee. Sir, according to your ruling we are entitled to discuss not merely the question, which may be somewhat narrow, that the Bill be recommitted, but also the Bill itself because it has to be taken into consideration by this House. That being so, I, Sir, wish to deal with all the points generally that arise in this discussion.

Now, Sir, the first question that has been pressed in this House is that this Bill amounts to or is in fact Imperial Preference. Now, Sir, I have tried my best to consider this matter and I must confess that I cannot see how this Bill lays down any policy of Imperial Preference. You find, Sir. . . . (An Honourable Member: "The Tariff Board says so.") The Tariff Board does not say so. I shall prove to the satisfaction of the Honourable Members if they will allow me to put my facts and my arguments, and I hope to convince them, that the Tariff Board does not say so. I only hope that Honourable Members will have a little patience and will keep their minds open. I hope and I venture to say that I shall succeed in convincing you.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Do not prophesy.

Mr. M. A. Jinnah: Unless of course you close your minds or unless they are closed already. I believe they are so far as the Whip is concerned. But anyhow I do not really want, Sir, to introduce any kind of heat or passion into this debate. I do not wish even to take any notice of some remarks which were made by Mr. Birla, except that I would only say that in his calmer moments when he revolves in his mind what he has said he will regret it, and I think it was not befitting the dignity of a man of the position of the Honourable Mr. Birla. But I do not want, as I say, to indulge in any kind of personal recrimination. Nor do I wish to introduce any heat or passions. Let us calmly consider the subject. We have got three proposals before us. We have got the Government Bill of differential duties. We have got the amendment of my Honourable friend, Mr. Chetty, of weighted averages, with this qualification, that there should be a basic duty and an additional duty, an additional duty liable to increase or decrease; and if I may take the liberty, I congratulate my Honourable friend, Mr. Chetty. His was a reasoned speech. His was a fair and frank statement of his case and he advocated his case ably. But I hope that I may be able to satisfy him where the serious flaw is in his proposal.

Well, Sir, to get back to my point, is this Bill Imperial Preference? Now, Sir, as I understand Imperial Preference, it is not a new thing. It has been dealt with at very great length by the Fiscal Commission in their

Report, and if Honourable Members will take the trouble of going through it carefully they will find that, boiling it down as far as one can, it means this. The idea underlying a scheme of Imperial Preference is that the duty on British steel is so low compared to that on foreign steel that duty-paid British steel is able to undersell duty-paid foreign steel. Will that be the case here? Certainly not, because the foreign steel will still be imported duty-paid for Rs. 7 less; and the home steel only requires Rs. 120 as the fair selling price, while the British steel under the differential system of duties which is embodied in the Bill cannot be imported duty-paid for less than Rs. 123. Who gets the preference? Is that Imperial Preference? (*Several Honourable Members*: "Yes, yes.") I shall have to learn it.

Mr. Jamnadas M. Mehta: You might begin now.

Mr. M. A. Jinnah: Well, I am not going to learn from Mr. Jamnadas.

Mr. Jamnadas M. Mehta: Learn from Sir Charles Innes.

Mr. M. A. Jinnah: Mr. Jamnadas, I know, because he carries a few books under his arms, poses as a great economic authority.

Mr. Jamnadas M. Mehta: You are a greater authority.

Mr. M. A. Jinnah: No, I am not. I am asking you, where does the preference lie? Is that Imperial Preference? Now the Fiscal Commission in their Report, having dealt with this question, refer to the position of this Legislature and they quote from the Report of the Joint Select Committee and they say that this was the position laid down by the Joint Committee as to the position of this House. This is what the Joint Select Committee on the Government of India Bill say:

"Whatever be the right fiscal policy for India for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interest as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee, therefore, the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its Legislature are in agreement and they think that his intervention, when it does not take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangement within the Empire to which His Majesty's Government is a party."

Having quoted this paragraph the Fiscal Commission proceeds:

"In his despatch of the 30th June, 1921, the Secretary of State said that on behalf of His Majesty's Government he had accepted the principle recommended by the Joint Committee in this passage. It is true that some doubt may be aroused by the words 'any fiscal arrangements within the empire to which His Majesty's Government is a party.' But we have explained that Imperial Preference as hitherto practised and as understood by us cannot involve any dictation by His Majesty's Government to any portion of the Empire. The convention which the Secretary of State has undertaken to establish gives, it is true, no assurance that a policy favoured by the Indian Legislature will necessarily be adopted. But it does, we think, give a practical assurance that no fiscal measure which the Indian Legislature does not approve will be adopted in India. Any fear, therefore, that particular applications of a policy of preference can be made contrary to the wishes of the Legislature appears to us to be illusory. Nevertheless we would put the matter beyond all possible doubt by asserting as our third principle that no preference should be granted on any commodity without the explicit approval of the Indian Legislature."

Mr. M. A. Jinnah: The fact therefore is that it is necessary that you should put an additional duty which will be liable to be reduced as the prices stabilise. I do not know whether I have made myself clear.

Mr. O. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammedan Rural): I am afraid not.

Mr. M. A. Jinnah: Very well; I shall try again. What the Tariff Board says is this: it is a case of dumping; it is a case of unfair competition. (*An Honourable Member:* "How?") I shall prove it if you like from the evidence that was taken by the Tariff Board. Before the War between the prices of Continental steel and the prices of British steel the difference was 5 or 10 shillings. I will prove it from the evidence of Mr. Anandji and Mr. Trivedi. I have got it here. Of course now that Germany and Belgium have stabilised exchange to that extent speculation has disappeared; but France has not. The Tariff Board say that this additional duty over and above the basic duty is necessary for this unfair competition and dumping. I shall satisfy you that that is the line of argument of the Tariff Board; and as soon as Continental steel gets back to its normal state and prices are stabilised, that is to say, when there is no dumping and no depreciation of exchange, which two grounds of course give them an advantage and enable them to sell at lower prices. When prices have become normal, there will be no need for an additional duty. The moment that ~~stage is~~ reached, this so-called British preference will not exist, as the additional duty may go. I say it is a differential duty which I say any country is entitled to resort to under given conditions and I shall prove to you that other countries have done it

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): May I ask the Honourable Member, if there is unfair competition between Britain and the Continent, why should we be called upon to equalise it?

Mr. M. A. Jinnah: I am very much obliged to my Honourable friend, Mr. Shanmukham Chetty, for putting that question to me. I will tell, you why, because we want to sell our home steel, and it comes out at 12 Noon. petes with both half and half. Remember that Tata Steel has got to be sold. Against whom has it got to compete? Is it only against British steel? No. Is it only against Continental steel? No. If Continental steel is dumped here and there is an unfair competition, how will you get a fair selling price of Rs. 120 for home steel

Mr. Jamnadas M. Mehta: By bounties.

Mr. M. A. Jinnah: Yes, I will come to the question of bounties in a minute. My friend Mr. Jamnadas is very keen on bounties.

Mr. R. K. Shanmukham Chetty: By putting a duty on the weighted average system.

Mr. M. A. Jinnah: I quite see the point of my friend Mr. Chetty. Even my friend Mr. Chetty in his weighted average system has followed this principle, namely, that he is putting an additional duty; but he is putting an additional duty on both British as well as Continental steel. Therefore, he is not only penalising the Continental steel that deserves to be penalised, but he is also penalising British steel against which there is no case of dumping or unfair competition. He thinks, therefore, he has achieved his object by avoiding the idea of British preference. But he

fails in achieving his object, and I may answer him at once although I am taken away from my line,—I don't mind it,—he does not achieve his object at all, because once you have British steel which comes in duty paid at Rs. 129 and Continental steel at Rs. 111,—that will be the case under his scheme,—you will at once raise the price of steel because you have British steel which cannot come in for less than Rs. 129, and Rs. 129 which you are fixing is not necessary for the protection of Tatas, because the fair selling price which we have to secure to Tatas is Rs. 120. Why do you want Rs. 129? Who will pay the difference of Rs. 6 between Rs. 123 and Rs. 129? Who will pay that difference? It is the consumer who will pay it and I shall satisfy my friend that it will mean Rs. 48 lakhs to the consumer per year on this and further on the fabricated steel. I will give you the figures in a minute. Not only that. If the British steel cannot be imported duty paid for less than Rs. 129, the Tatas will put up their price. Who will pay for it? There again it is the consumer who will pay for it. Why? It is not necessary for the protection of Tatas to give them Rs. 126 or Rs. 127. We want to secure to Tatas Rs. 120 fair selling price. Then my Honourable friend will say "Oh, the consumer of Continental steel will benefit". But will he benefit? Will he get the Continental steel which will come here duty paid at Rs. 111, for Rs. 112 or Rs. 115? I will prove to the House from the records that the consumer will have to pay very nearly as much as the price of British steel, and if that is so, what is the result? The consumer has to pay Rs. 6 more for British steel; he will have to pay more than Rs. 120 which is the fair selling price of Tatas steel, and he will have to pay for Continental steel very nearly the same price as for British steel. Do Honourable Members realise what will be the consequence of it? Who will suffer? It is the consumer. And if I am right—and I will show you the figures,—I venture to say, it will go up to several crores of rupees in seven years. Do you want the consumer to be burdened with this unnecessary burden? With what object? Merely to avoid so-called Imperial Preference.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): What is the approximate amount in one year?

Mr. M. A. Jinnah: If I go on answering questions, Sir, I shall probably take the whole day.

Mr. President: If the Honourable Member does not wish to answer questions, he must not resume his seat.

Mr. M. A. Jinnah: I really did not know what the question was, but I do not think it really arises out of the point that I am now discussing.

Mr. President: The Honourable Member need not give way if he does not want to answer questions.

Mr. M. A. Jinnah: I am always glad to give way, but I do not think I should answer questions if I give way; it is for me to consider whether I should answer them or not.

Well, Sir, to proceed further. I will finish with the paragraph which I was reading. This is what the Tariff Board says:

"Our inquiry is confined to economic issues, and if the system of differential duties is desirable in the interests of India on economic grounds for the adequate protection of Indian industries and for a fair adjustment of the burden involved, we do not feel debarred by political considerations from recommending them."

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(*An Honourable Member*: "What are the political considerations?") The Political considerations are these, that you would think it is preference to British steel.

Mr. C. S. Ranga Iyer: No, it is British preference.

Mr. M. A. Jinnah: No, no, and because there is a difference made between the amount of duty that is imposed on Continental steel and the amount of duty that is imposed on British steel, therefore it is British preference, and therefore, although it may be sound on economic grounds and in the interests of India necessary, still you will not have it? (*Honourable Members*: "No, no.")

Pandit Motilal Nehru: The thin end of the wedge.

Mr. M. A. Jinnah: Well, Sir, when I am told that although it is in our interest, that although on economic grounds it is sound and for the benefit of this country . . .

Pandit Motilal Nehru: You do not admit that.

Mr. M. A. Jinnah: My friend Pandit Motilal says it is the thin end of the wedge. Thin end of the wedge or not, it is for our benefit, if it is sound economically and in the interests of India, if you still say that you will not have it (*Honourable Members*: "No, we will not have it"), then, Sir, standing here alone, I will have it.

Mr. Jamnadas M. Mehta: Have it.

Mr. M. A. Jinnah: If it is in the interests of my country I will have it. (*An Honourable Member*: "That is the point".) That is the point, Sir, and let this House decide whether that is so or not. Do not start with this thin end of the wedge argument. Is it for the good of India? (*An Honourable Member*: "Yes.") If it is for the good of India, then I will support the measure, and whoever does not support, can go into the other lobby. If it is against the interests of India, I will not support it.

I want the House to come back to the point. Perhaps I will read to you at once now, if I can possibly get back to the issue, the words of a very great authority in Bombay, a merchant prince, who presided over the Indian Chamber of Commerce. This is what he said. (*An Honourable Member*: "Who is that?") Mr. Lalji Naranjee. Do not prejudge him. This is what he says:

"You will all, I hope, agree with me when I say that sound economics cannot be based on mere sentimentality, and that emotional arguments are never to be introduced in a discussion of economic subjects. In economics two and two will always make four, and it does not matter if the two on the other side is either Indian or foreign."

Now, Sir, I want the House to get to that frame of mind, and if you get to that frame of mind, then I will say this. Our position really in this House is this. We have got three proposals before us, and we have got to select the best. That is the position in which this House is placed to-day. (*An Honourable Member*: "Which is the best?") That is the point and that is for you with your intelligence to decide. You exercise your intelligence and decide and vote as you think best. (*An Honourable Member*: "We do.") Very well, then let us proceed. Let us take the

first proposition now. Supposing it was a question of quality, would you differentiate or not? Even Mr Jamnadas says "yes". And nobody can object to it. Now, first of all, let me put it before the House. It was said: "Oh, but standard steel comes from the Continent: what about that?" (*An Honourable Member*: "Yes.") Yes. How much, will you tell me? (*An Honourable Member*: "As much as you want.") Let me tell the Honourable Member that during the last so many years even Mr. Trivedi in his examination stated that he had only one order given to him. And let me examine how much of the standard steel comes to India.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadden Rural): May I interrupt for one moment, Sir. I want to inquire whether, except in structural sections, there is anything like standard or non-standard quality.

Mr. M. A. Jinnah: I am going to answer that question in a minute and I am on that point now. I say we have got very definite figures. British steel of these four classes, with which we are concerned, imported into India is about 86,000 tons and the Continental steel which is imported into India of these four classes is 271,000 tons. (*An Honourable Member*: "What is the Indian production?") Well, India produces at the present moment 380,000 tons. Out of that you may deduct the rails—I think they are about 195,000 or 200,000—and that leaves 180,000 tons. Out of 180,000 deduct the tin bars and galvanised sheets, which at present India produces and thus it would leave about 125,000 tons of these four classes—I believe I am correct—and India will probably with its increased output do so by 70,000 more. But to get back to my point, we have 271,000 tons of Continental steel. Now, the question is, first of all, how much of this 271,000 is standard steel? Let us consider that. It has not been, Sir, up to the present moment, put before this House, even with any show of appearance, that any portion of this 271,000 tons comprises standard steel. Has anybody put it before the House—except for the *ipse dixit* and the assertion of Mr. Birla? Why does he say that? The question is, why does he say that? Has he got the figures? Has he given the House any explanation why this inference is to be drawn? He says: "Oh, standard steel comes from the Continent and therefore it will be penalised."

(On Mr. Birla rising again.)

Mr. President: Order, order. I want the Honourable Member to proceed.

Mr. M. A. Jinnah: Now, Sir, the position is this. We have got four classes: structurals, bars, plates, and black sheets. The question of standard steel does not arise in the case of black sheets. It also does not arise in the case of bars and plates, mostly non-standard, except a few thousands. The same may be said of structurals. So there is a very small amount of standard steel with regard to the class plates. It will probably be a few thousand tons. Then you find a few thousand tons in the structural materials. You find, therefore, that if you take the bars, they are 111,000, structural material 96,000, plates 28,000, black sheets 86,000. That makes 271,000. Now the structural 96,000 are non-standard barring a few thousand. The bars are practically the whole amount non-standard. The plates a few thousand out of the 28,000 are standard, the rest

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are non-standard. And the black sheets 36,000 altogether non-standard. Therefore, nearly 90 per cent. or more than 90 per cent. of the Continental steel is non-standard. My Honourable friend says "How?" (*An Honourable Member*: "He said 'No'.") Well, but I have got these figures here. Mr. Birla at any rate did not give us any figures. I am at least giving some figures to the House, and I am perfectly willing that you should put me right if I am wrong. Now, Sir, if that is correct, then my first proposition stands, that, on the principle of different qualities, would you not be justified in differential duties being imposed? Would you or would you not? (*Lieut.-Colonel H. A. J. Gidney*: "Certainly.") Very well, that is point No. 1.

Now, for point No. 2. Would you or would you not impose a differential duty if I satisfied you that this is a case of dumping, of unfair competition? You will not do it even if it hurts you? Very well, don't do it. (*An Honourable Member*: "It doesn't hurt.") Now, I will show you that it does. I will explain it to you in a minute. I will give you first of all the figures: see whether it is dumping or not. You find Continental imports in 1921-22, 176,000; in 1922-23, 261,000; in 1923-24, 248,000; in 1924-25, 308,000. (*Mr. Jamnadas M. Mehta*: "Shouting does not make an argument.") Well, Sir, impertinence is no argument. An interruption of this character does not help anybody. When my Honourable friend was speaking I did not say that he was shouting. Does it do any good? Why cannot you preserve some dignity? (*Sir Darcy Lindsay*: "Hear, hear.") You find that the Continental imports in the year 1924-25 went up to almost double. Is that, Sir, dumping or is it not? (*An Honourable Member*: "It is not dumping.") Well, Sir, now, what does the Tariff Board say? You will find what they say about dumping in para. 129. They say:

"The Steel Company's proposal for the introduction of "Anti-dumping" legislation does not require any detailed discussion. The claim is partly based on the statement that the price of English rails offered in India has been below that at which similar rails have been sold to English railways. But, in accordance with ordinary business practice, export prices of rails and other kinds of steel even before the war were lower than the home prices and we have discounted this feature of the European steel market by basing our proposals on export prices. Further, the effect of the depreciation of Continental exchanges on import prices has been met by our proposal of additional duties on steel of non-British origin. The objects which the Steel Company has in view will, therefore, be attained without the enactment of a special anti-dumping measure. In any case, as we have already pointed out in Chapter VI, we believe that, under the existing commercial treaties, the proposal, in the form in which it has been presented to us, is not practicable."

You will find in paragraph 95 the Tariff Board again deal with the question of dumping. This is what they say:

"But in any case, we consider that a system of bounties, while it may to some extent protect the Indian industry against losses due to foreign competition, is not nearly so effective in preventing unfair competition, especially where it is aided by the uncertain factor of a depreciating exchange."

Therefore, the Tariff Board had before them the evidence of dumping, and now let me refer you to the evidence of dumping. You will find it in the evidence of Mr. Anandji Haridas. Sir, if I may say so, I have read his evidence and he has created an impression upon my mind that he has given his evidence frankly, honestly and against his own vital interests, because he is one of the biggest dealers and therefore what he said is not so much in his own interest as in the interests of India.

He actually advised the Tariff Board to take steps against anti-dumping. This is what he says in his evidence :

"Mr. Anandji : That is what I said. But there is this additional difference that I want to make between British steel and Continental steel by having a higher duty on Continental steel—call it dumping duty or anything you like—and that duty shall be with the Government of India for payment to the Steel Company whenever there is a fall in prices.

Dr. Matthai : When you have a general scale of duties, you have a fund out of which bounties may be financed.

Mr. Anandji : I don't want to put the same duty on all steel.

Dr. Matthai : We are doing that. This would simply mean an extension of the scheme

Mr. Anandji : Distinction between countries with a depreciated currency and England.

Mr. Matthai : Germany has not got a depreciated currency. I understood you to mean that on the one side there was to be a duty for Great Britain and on the other side a duty for all the other countries.

Mr. Anandji : I was wrong there. I would make a distinction between England and the Continental countries."

Sir, Mr. Anandji has shown by figures also what the position is. Well, Sir, if the case of anti-dumping is proved—at least proved *prima facie*—the Honourable Members will say, "Oh, if it is a case of anti-dumping, why not call these anti-dumping duties?" That would be the next question, "Why not call them so?" In that case we do not mind the difference." That is what it comes to. Again I would refer the Honourable Member to the Report of the Fiscal Commission and also to the steps that have been taken by other countries on these lines and see how it is possible, having regard to the commercial treaties, to make out a case of anti-dumping. It is a very difficult case to make out having regard to the terms of commercial treaties between different nations. I have got one instance. Australia all of a sudden discovered that we were sending pig-iron and cricket balls there. The theoretical ratio in India is 2*sh.* I do not want to go into the exchange question here.

Mr. Chaman Lall (West Punjab: Non-Muhammadian) : That is where two and two do not make four. (Laughter.)

Mr. M. A. Jinnah : Because it is not an economic question. It is the currency policy. What was done was this. The Australian Government imposed an anti-dumping duty on Indian pig-iron and cricket balls because the exchange value at that time was 1*s.* 4*d.* to 1*s.* 6*d.* So the Australian Government thought that our exchange had depreciated to such an extent that we were entering into unfair competition with regard to pig-iron and cricket balls. It was then pointed out to the Australian Government that this was merely a theoretical ratio of 2*sh.* and that they had gone wrong. Subsequently, Sir, they repealed the measure which they enacted. I put it to you, therefore, is it or is it not a very difficult thing to establish a case within the strict terms of the treaties? You have got to prove to the hilt that the country which is entering into unfair competition or is dumping its goods is doing so in India at a cost lower than the cost prevailing in its own market or in that country. It is a proposition which it is very difficult to prove to the hilt. The Tariff Board, therefore—I say all credit to them—get round and say, "We are satisfied that there is dumping; we are satisfied that there is unfair competition; and we can do it by this method without

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creating any hue and cry or any further difficulty and we shall so recommend." I really therefore ask you to dismiss from your minds this idea that this is really not in the interests of India. If it is so, then let us examine it now.

Of the three suggested methods I will take first of all the scheme of Mr. Jamnadas Mehta. Well, Sir, he does not find a supporter in his own camp in Mr. Chetty except a half-hearted support. Certainly he does not find a very warm supporter in Mr. Birla and when you have the doctors differing I think the patient is in danger, and I hope that Mr. Jamnadas Mehta will reconsider his position and not press his scheme. Now, Sir, Mr. Jamnadas Mehta's scheme is this. He says, put a duty or tariff *cum* bounties. He says that bounties should be given in respect of these four classes. He says, "I put forward before you a splendid scheme. Never mind the Tariff Board. They worked over it for eight months, they may be experts but they have all gone wrong. I arrived in Delhi in January. I hardly sat in the Select Committee owing to the obstructive attitude of Sir Charles Innes who deliberately prevented me because had I been present it was a lost game to him." However much I may differ from Mr. Jamnadas Mehta I respect his views and have always held that by temperament and constitution he is a constructive genius. When he gets exuberant he becomes a destructive genius. He to his credit puts forward a constructive scheme. I am always open to conviction. I really have paid a great deal of attention to it: I have carefully considered it. I have spent a lot of time over it in trying to understand it. These are my difficulties and I put them before you to consider whether I am right or wrong. Mr. Jamnadas Mehta says, "Give a bounty on these four classes." He says that the receipts from protective duties will come to Rs. 65 lakhs. I do not think that that figure is quite correct: I think it is about Rs. 56 lakhs, but that does not matter. It is a few lakhs here and there and when we are putting up a scheme in a hurry a few lakhs do not matter. But I will take his own figure of Rs. 65 lakhs. He says, you can give Rs. 25 lakhs out of this for bounties. Well, that is substantially correct, but in the last year—we are thinking of 7 years—it may be a little more. But when you do that, what is the object, what is the principle underlying this protection that you are giving to the steel industry? Is it merely for the benefit of the Tatas or is it for the benefit of the industry? The Tariff Board say this in paragraph 144 of their report. But, first of all, I put this question to you. Do you agree with me or do you not, that the first principle is that the protection should be discriminating? If it were left perhaps to some of us, and if we were in charge of the Government we might adopt a very different policy. I do not however wish to open up that question, but I will assume for the purposes of this Bill that the policy of protection should be discriminating and I find that that principle was endorsed by my Honourable friends Pandit Madan Mohan Malaviya and Mr. Birla in their dissenting minute on the Fiscal Commission Report.

Mr. Ghanashyam Das Birla: I never said that. What I said was that protection is always discriminating.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): I was not on the Commission.

Mr. Ghanshyam Das Birla: In our note of dissent we did not subscribe to the qualification of "discrimination". We said protection is always discriminating.

Mr. M. A. Jinnah: Anyhow, I think that so far as my Honourable friend, Pandit Madan Mohan Malaviya, is concerned, he has never disputed it

Pandit Madan Mohan Malaviya: Protection is always discriminating.

Mr. M. A. Jinnah: I will just point out what the dissenting minute says. I do not want really to take up the time of the House over this point, but this is what is said:

"While we agree that the policy of protection should be applied with discrimination, we do not think that any qualifications or limitations should be made a condition precedent to its adoption We share the concern shown in the Report for the interests of the consumers, and we agree that the policy should be applied in such a manner as to reduce the burden on the consumer to the minimum necessary (*Some Honourable Members:* "Hear, hear.") for the purpose of carrying out the object in view. (*An Honourable Member:* "Quite right.") In the present economic condition of India, limitations in the interest of the consumers are necessary, but we anticipate that if immediate effect is given to the policy we recommend, India will begin to grow economically prosperous within a reasonable period of time."

Therefore, I take it that there is no dispute, at any rate so far as this Bill is concerned, that the protection must be discriminating, that the protection must not be excessive but what is necessary and that it must be given having regard to the general well-being of the community. Now, Sir, what is the idea of giving this protection? Do you want this industry to develop, to increase, to flourish, or not? Do you think that new firms will not come in? The Tariff Board in paragraph 144 of their report deal with it and they distinctly contemplate. . . . (*An Honourable Member:* "Give them also protection.") Give them also protection—that is exactly what I am trying to do which you are now by your system of bounty depriving them of. Let us see what will happen according to Mr. Jamnadas's scheme. We have got Rs. 25 lakhs which according to Mr. Jamnadas will be sufficient to pay as bounties to the Tatas on these 4 classes of goods. But remember we are thinking of 7 years and suppose new firms come in. (*An Honourable Member:* "What time will they take to develop?") (*Another Honourable Member:* "10 years".) I do not want to indulge in this sort of discussion, but if you are going merely to treat everything that the Tariff Board says as unsound, then it is impossible to argue. You must at least take certain data and certain findings of the Tariff Board for the purpose of your discussion. The Tariff Board seriously, earnestly reason it out and in their reasoning they say that one of the objects is to attract fresh capital. One of the objects is that new firms should come in, and if they do come in, will they or will they not be entitled to bounties under Mr. Jamnadas Mehta's scheme? (*An Honourable Member:* "Certainly.") (*Another Honourable Member:* "It will be 10 years.") (*Some Honourable Members interrupted.*)

Mr. President: Order, order. Mr. Jinnah.

Mr. M. A. Jinnah: Let us carry this on a little further. If the production goes on increasing—the Tata's production must go on increasing, and if new firms come in, will not the imports decrease? (*An Honourable Member:* "No.") Of course, they must decrease. If the imports decrease what will happen to your revenue? Will it not decrease? You start in

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the inverse process. As you go on, your new firms will come in. Your production will increase daily and there will be more and more competition. Look at the rails. The whole of the British rails have been displaced by the Indian steel rails—about 200,000 tons. What is the good of saying that imports will not decrease? Look at the fish-plates and galvanised iron sheets. You have already reached 14,000 tons. The whole of the galvanised iron was supplied by England. You are now making 14,000 tons of galvanised iron. The imports must decrease and will decrease. Otherwise there is no meaning in this protection at all. Your revenue must decrease also. If your revenue decreases, where are the protective duty receipts? What will happen to them? They will all go down and the claimants for bounties will increase. Where will you get the money from? You might be in a very serious position before three or four years have elapsed. Now, that is one of my answers to Mr. Jamnadas Mehta.

My second answer is this. By giving bounties, whom do you benefit? Mr. Jamnadas Mehta says—the consumer. Consumer of what? Of Continental steel, because Continental structurals will be imported at Rs. 105 and the rest of protection will be by bounties.

Mr. Jamnadas M. Mehta: 104.

Mr. M. A. Jinnah: Will he benefit by it? My friend, Mr. Jamnadas Mehta, is quite misled and I shall prove it. Let us take the figures of Mr. Trivedi and his Association. Those figures appear in a circular which he has sent round to all the Honourable Members of this House, I believe. I will take the selling price at Calcutta and the selling price at Bombay.

Beams—Calcutta 100, Bombay 145.

Mr. Ghanashyam Das Birla: What about other months?

Mr. M. A. Jinnah: If my Honourable friend will wait, I will give him the answer. What are the other figures given for January, February and March given by Mr. Trivedi's association?

Mr. Ghanashyam Das Birla: What about the last six months?

Mr. M. A. Jinnah: I am coming to that. I am afraid the Honourable Member has been captivated by the middleman. I will deal first of all with the bars. This is the report of Haridas Anandji: Calcutta 185, Bombay 140—that is for June; July, 135 and 145; August, 135 and 140; September, 135 and 175; October, 140 and 150; November, 140 and 140; December, 137 and 145. The prices are for the same steel.

Mr. Ghanashyam Das Birla: What is the cost price of landing?

Mr. M. A. Jinnah: It is admitted in evidence, if Mr. Birla will read it, that Continental steel can be bought c i f. at 86.

Mr. Jamnadas M. Mehta: It includes structural sections also.

Mr. M. A. Jinnah: There is no use trying to interrupt me and scoring a point. I know that perfectly well. Structurals are on a somewhat different footing. Very little of that comes from the Continent because as somebody said it is not quite safe if you are putting up a decent building to use Continental steel. Mr. Anandji himself says that so far as joists and beams are concerned you hardly ever get a man who will trust Continental steel unless he gets them tested and certified which can only be done on the Continent. Now, let us take Continental plates first. You find that in June 1925 the price in Calcutta was 142 and in Bombay 160. In July 147 and 160, in August it goes down.

Mr. Ghanshyam Das Birla: That is the retail price.

Mr. M. A. Jinnah: That is exactly the point. What does Mr. Jamnadas say? Mr. Trivedi's evidence is there. In the whole of Bombay there are 80 or 40 merchants and they form an association. They agree to sell at a particular price. They give orders 3 or 4 months in advance and your consumer has got to pay through his nose. Mr. Birla says, "what about the prices since September, 1926". I will tell you the position about them. It is a most extraordinary thing. The position is very interesting as disclosed in the evidence of Mr. Trivedi. I want the House to know all the facts and then give a judgment on this matter. This is what he says—remember he was examined in August, 1926:

"President: It will be very useful. I find from the evidence of Anandji that there is a great difference between prices realized by you and prices realized in Calcutta. Can you explain that?

Mr. Trivedi: In the first place in Calcutta there are more than 150 dealers, small and big, whereas in Bombay we have only 30 or 40 people, so they do not cut prices as they do here in Calcutta."

It is a very qualified cautious answer. But wait a minute; something more is coming:

"President: For instance in January 1926 Mr. Anandji's price for Continental bars was 137 and the price at Bombay from the Merchants' Association was 155. We are told that perhaps they were maximum prices or average prices. What are they?"

Mr. Trivedi very nearly fainted.

An Honourable Member: Is that said there?

Mr. M. A. Jinnah: Yes, yes. I am coming to it and the House will judge it.

"Mr. Trivedi: I am surprised at the figure. There must be some mistake. It may be for rods."

That is the answer of Mr. Trivedi of Bombay.

"President: You take the average price or the highest price?

Mr. Trivedi: We take the average price. It occurs in other things too.

President: Take December, 1925. Mr. Anandji's Association's price is 137-8 and the Bombay Iron Merchants' Association's price is 175 for Continental plates?

Mr. Trivedi: That also must be a mistake. It may be also that men there have taken the one-sixteenth and not the ordinary plates."

That is to say, plates are of two kinds; one is a little thicker than the other.

Mr. President: I do not wish to interrupt the Honourable Member but I should like to ask him to consider whether it is at all possible for this Assembly to put this measure on the Statute-book before the 31st March if half a dozen Members take the time which the Honourable Member has already taken.

Mr. M. A. Jinnah: Well, Sir, I do not think that is quite correct. You must remember the position that I have to occupy in this House. I have taken up a particular position with regard to this Bill, and I think, Sir, in fairness you will admit that the supporters of this Bill happen to be very few while the opponents of this Bill in this House happen to be a very large body. I think in fairness I am entitled to answer all the various speeches which number, I think, something like 9 or 10, and they took

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several hours. I think it is not fair to myself or fair to this House that I should not fully place the facts, the figures and my reasons for supporting this Bill.

Mr. President: The Chair has no objection. It is for the Honourable Member to consider whether, if several other Honourable Members follow his example, it will be possible for this Assembly to finish this Bill. The Honourable Member for Commerce has already put the whole case at great length and my Honourable friend has also taken over an hour and a half. It is for him to consider whether he will allow other Members also some chance to speak.

Mr. M. A. Jinnah: Well, Sir, that is for you to decide, not for me—whether other Members should have a chance or not. But, Sir, I have great respect for the warning, or the expression of opinion, which you have just stated. Yet I have considered this very carefully and I assure you that I do not want to take up the time of this House a minute longer than I consider necessary. But I do consider this, Sir. I think the House will observe from the questions that are put to me, which I welcome, that there is a great deal of misapprehension with regard to this matter. I think it is but right to say that if Honourable Members knew all those facts they would not put those questions.

Mr. President: Will the Honourable Member proceed with his speech.

Mr. M. A. Jinnah: Now, Sir, I was reading this part of the evidence and I say that Mr. Trivedi was surprised and thought it was a mistake. Now, we have the argument of Mr. Birla. What is the argument? He quoted the figures of September, 1926. Now, Sir, I never like to impute bad motives to people. I do not want to say that these figures may not be correct; but, Sir, we know perfectly well that these 30 or 40 men who constitute an Association must have realized that this was a startling discovery and that the question was under inquiry, and it is quite possible that they may have decided to lower their prices deliberately and advisedly soon after Mr. Trivedi's examination. Sir, therefore, when you talk of the consumer and his interest, I say, "Poor Consumer". It is the middleman who pockets the advantage.

Now, the only other question that remains is my friend Mr. Chetty's amendment and his views. Now, I have already pointed out to Mr. Chetty as to who will really benefit by this. It is the middleman not the consumer. If that is so, what does it resolve itself to? It resolves itself into this, that if you have Mr. Chetty's scheme you have an orbit or difference of Rs. 18; if you have the differentiation scheme, the orbit is limited to Rs. 7, and the more circumscribed and limited the orbit is, the less chance is there for the middleman to make a profit.

Mr. Jamnadas M. Mehta: And more for Government.

Mr. M. A. Jinnah: More for Government, yes. But excuse me, the fallacy in that lies here. Every protective duty must put some money into the coffers of the Government. The question is, is it necessary for the protection? What is the good of saying 'more in the pockets of Government'? Is it necessary? If it is, where else can it go? Into the pocket of my Honourable friend?

Mr. Jamnadas M. Mehta: To the consumers.

Mr. M. A. Jinnah: The consumers do not benefit. I have shown it.

Mr. Jamnadas M. Mehta: They do.

Mr. President: Will the Honourable Member allow Mr. Jinnah to continue his speech.

Mr. M. A. Jinnah: No, they say, "Oh wait, British steel will get the advantage". Now, I want to give you figures with regard to that. The figures are, before the War—British steel sections 88,000, bars 19,000, plates and black sheets 80,000. That means 87,000 tons before the war. That was the import of British steel. In 1925-26 we imported, sections 44,000, bars 14,000 plates and black sheets 27,000. That is 85,000. So British steel before the war was imported in larger quantity, at least by a few thousand tons, than after the war. What is the position of Continental steel? I have given the figures for Continental steel before the war. The total amount was 195,000 tons. To-day it is 271,000 tons.

Well, Sir, the position therefore is this. To sum it up, I say, Sir, that it is not a case of Imperial Preference. I ask, I call upon
 1 P.V. the Honourable Member who represents the Government to make the Government attitude perfectly clear on the floor of this House with regard to the policy of Imperial Preference. I therefore maintain, Sir, that this is not even British preference as such. It is a difference between two scales of duties, between British steel and Continental steel, intended, I say, to secure the result, namely, the minimum protection the minimum burden on the consumer, and the general welfare of the community. I say any other scheme will upset the scales and upset the balance; and therefore, Sir, with regard to the three schemes which are before the House, I cannot but support the scheme which is embodied in the Bill.

Now, Sir, we come back to the amendment to recommit the Bill, and I want to discuss that. What, after all, will result if this Bill is recommended to the Select Committee? What will you gain by it?

An Honourable Member: We will consider the Bill in detail once more.

Mr. M. A. Jinnah: If you want to adopt any other scheme, except the scheme which the Tariff Board has recommended, I feel absolutely certain that you will have to refer back the whole question to the Tariff Board. Your Select Committee will never be able to do it. Is this possible, Sir, for a Select Committee? A Select Committee can only accept certain data and, after accepting certain data and findings, come to a conclusion. If you want to go deeper into it, if you want to ascertain for yourselves the data, if you want to find out for yourselves what are the facts, then you must inquire yourself, or else you must take the findings and the figures and the data as they are placed before you by the Tariff Board. Do you want the Select Committee to restart an inquiry? If you challenge the evidence, if you challenge their data and findings, if you challenge their facts and figures, how is your Select Committee to come to a conclusion? Do you expect the Select Committee to go round again and sit for 8 months and take evidence? What therefore is the position? The position is this. We have got certain data. It does not matter, what does it matter whether it is a majority of one or two? What does it matter? Eventually, it is the House that must decide, and you have these three proposals before you, and they are in the shape of amendments, and it is for this House to decide and say, "Well, this, that or the other we shall accept." Or, if you like, do not accept any. That is for

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you to decide; and I say, Sir, it will be an utter waste of time to recommit the Bill to the Select Committee. What will happen? Supposing my friend, Mr. Jamnadas, with his eloquence, with his persuasive powers, with his persistence and perseverance (*Mr. Jamnadas M. Mehta*: "Thank you.") and his constructive mind, for which I complimented him not long ago—supposing, Sir, he converts one or two and they happen to sign with him. What difference will it make? Then, instead of his amendment being there, my friend, Sir Charles Innes, will put forward his amendment. Supposing Mr. Chetty succeeds (*An Honourable Member*: "We can persuade Sir Charles Innes")—well, Sir, in that case you might adjourn this House and leave my friend over there to persuade Sir Charles Innes for 24 hours if he likes and then we shall meet again on Friday. (*An Honourable Member*: "Then it is hopeless.") I therefore, Sir, say that no good purpose will be served by recommitting the Bill to the Select Committee.

Now, Sir, there is the last point, and it is this. I think that Sir Charles Innes said that if this Bill does not go through, the industry might get into very serious difficulty. Well, I understand that it was not really a threat to this House, although on that day there was a great deal of heat and passion, and probably the impression might have been created upon the minds of some Honourable Members that it was a sort of threat. (*An Honourable Member*: "It was.") Well, if it was intended to be a threat, I condemn it equally with you. But as I followed him, all that he intended was that he wanted the House to realize that a difficult situation might be created if this Bill was rejected; and that is so, because remember this, it is a fact, because, supposing this Bill is thrown out, what will happen? (*An Honourable Member*: "Nothing happens.") Supposing Mr. Chetty's amendment is carried, supposing the Government do not agree. If a person does not agree with you, then it is his fault. If you do not agree with him, then also it is his fault: it is always the fault of somebody else. (Laughter) Why may it not be your fault? Why should we not assume that it is possible that we may be in the wrong—at least let us assume in all humility that it is possible that we may be in the wrong. It is possible that the Government may think that we are in the wrong. But if they think we are in the wrong, then what will be the position? You say you are right. The Government say they are right. Very well. What will happen? A deadlock.

Mr. President (to Members interrupting): Order, order.

Mr. M. A. Jinnah: But supposing they do not give way, then remember the convention which I read to you, that when the Government of India and the Central Legislature do not agree, then what will happen? (*Mr. M. K. Acharya*: "It will be certified.") No, it cannot be certified; then, Sir, it will be left on the lap of the Secretary of State for India, the great Moghul, and Heaven only knows what decision he may come to. In considering this deadlock, remember that the very industry that you are all agreed should be protected, the very industry which you acknowledge is a national industry, a security industry, a key industry, stands in danger, in spite of your earnest, wholehearted desire to protect it, of being neglected for at least some time, which might work a revolution in the future prospects of that industry and the concern with which we are now dealing. Now, therefore, I say that unless you have got strong, fundamental objections, besides questions, unless you think that this Bill is so bad that it cannot be accepted,—if it is merely a question of a debating

point, if it is merely a question of one being a little better than the other. why create this crisis, this deadlock, which may result in very disastrous consequences to the very industry you want to protect? If it was a question of Imperial Preference I would be with you. I say it is not a question of Imperial Preference. I say it is not a question even of British preference as such; and I say therefore that it is a pure economic issue; and if this House accepts this Bill on that pure economic basis, that the scheme is in the best interests of India, we commit ourselves to nothing more. Why are you afraid? Is it not weakness, is it not a sign of weakness to say that if you do this, in future something else may be foisted upon you? If it is in your power—of course if it is not in your power, you can keep crying—but if it is in your power, and if, as I understand, no policy of Imperial Preference can be undertaken by the Government without the consent of the Legislature, if that is so, and if I understand Sir Charles Innes to make that statement clear, then, you have the power to sanction the policy of Imperial Preference or not to sanction it. If that is so, why are you afraid? Are you not strong enough, are you not able to take care of yourselves when that question arises? Why in the name of the thin end of the wedge upset everything and create crises and deadlocks? I therefore appeal most earnestly to everyone here to consider and pause; for really it will be disastrous to let such a situation be created because I think in that case India stands to suffer.

Pandit Motilal Nehru: Sir, if I stand before this House immediately after the very illuminating speech of my Honourable friend, Mr. Jinnah, it is not because I intend to meet all the great arguments that he has put before the House. I have got very little to say and the reason why I get up immediately after him is that I want to get it off my mind as soon as possible. I am not going to enter into the whole question or go over any considerable part of the ground which has been covered by my friend, Mr. Jinnah. I wish to confine my remarks only to that part of his speech which related to the question of Imperial Preference or British preference as he called it.

Now, if it is true that the scheme of the Bill involves in it the principle of Imperial Preference or preference to Britain as against other countries of the world, I may say here at once that whatever be the advantage of the Bill, whatever boon it may confer upon the Tatas or upon the steel industry of India, either existing now or coming into existence in future, I have absolutely no sympathy with the Bill. I would rather have twenty Tatas go by the board than consent to a principle which introduces any Imperial Preference or British preference into the tariff of our country. I quite agree with my friend Mr. Jinnah when he says that this is not Imperial Preference in the sense in which somebody has called it Imperial Preference. He has cited a passage from the Report of the Indian Fiscal Commission and he says "This is Imperial Preference, but what the Bill proposes is nothing of the kind." I quite agree that what the Bill proposes has not even the semblance of what the Indian Fiscal Commission or rather the Convention to which they referred laid down as the principle of Imperial Preference. The principle which was laid down is thus stated:

"Each part of the Empire having due regard to the interests of our Allies shall give specially favourable treatment and facilities to the produce and manufacture of other parts of the Empire."

That was the main principle. Now, it will be time for us to enter into that question when we become equal partners in the Empire along with

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its other component parts. I say that the definition as given in the Indian Fiscal Commission's Report does not apply to us as we are situated and therefore my friend is perfectly right in saying that this is not the Imperial Preference which the Fiscal Commission contemplated. But does it give me any consolation? Though it does not accord with the definition of the Indian Fiscal Commission, still so long as Britain is favoured against the other countries of the world, I say it is preference to Great Britain. It may not be Imperial technically under any known definition, but every case where British goods are taxed upon one scale and other goods are taxed upon another and a higher scale, I say, is a case of preference; and that being so, I said when I interrupted my friend, Mr. Jinnah, that although it may not be Imperial Preference now, it was the thin end of the wedge. My friend said "Oh, don't be afraid of the thin end of the wedge." But I think he knows of the possibilities of the introduction of the thin end of the wedge. What happens in course of time? Now it is not only a question of Britain being favoured—perhaps not actually favoured, because Britain supplies a better class of goods and is therefore entitled to better terms from us; but what will happen when Britain sends out a cheaper kind of goods? Nobody has yet denied that Britain manufactures non-standard steel also. If by the process provided in the Bill Great Britain is enabled to exclude the other countries from the Indian market, will not this thin end of the wedge introduce in course of time a sledge hammer which will break our heads or otherwise squeeze out our lives? So, I say, Sir, that we must guard against the introduction of the principle—it may not answer any technical definition of Imperial Preference; but if the principle is there the poison is there and we must avoid it.

Now, my friend says in answer to that "But you are protected by what the Fiscal Commission has said and by what the Joint Committee has said" and he has invited my Honourable friend Sir Charles Innes to make a statement on the floor of the House that whenever it is the intention of the Government to introduce Imperial Preference it shall not do so without the sanction of this House. Now, Sir, let us examine that. I say this is one of the occasions when Imperial Preference is going to be introduced. My Honourable friend Sir Charles Innes can very well conscientiously stand up (because he is of that opinion) on the floor of the House and say "No, it is not Imperial Preference; but when it comes I shall ask your opinion". I shall wait and then the next measure comes in and my friend, Sir Charles Innes, again stands up and says "Oh, this is nothing of the kind; this is not Imperial Preference; this does not come within the definition of the Indian Fiscal Commission or some other high authority and therefore you need not be apprehensive. When we really introduce that principle we shall ask your opinion", and so on and so forth. Measures of this kind will go on accumulating to the end of the chapter and we shall always be told that Imperial Preference is yet to come. Sir, I am by nature a great disbeliever in assurances from that part of the House. I like one sound principle laid down by the vote of the House in preference to tons of assurances coming from the other side of the House.

Then again my Honourable friend's argument was "Here you have the Tariff Board, the members of which are very competent to deal with the question; they have taken great pains; they spent eight months over it and therefore we must take what comes from them as coming with all the weight that is due to their experience and their industry". Well, Sir,

it may be so. My friend and I belong to the same profession; but neither he nor I have ever taken into consideration the amount of labour, the amount of intelligence and the amount of experience brought to bear upon a case by the trial judge when we decide to file an appeal against his findings. We spend nothing like the time that he spent; and yet we as often as not succeed in getting his findings upset and having our arguments and our point of view approved by the court of appeal. But however that may be, what I ask is this: does it want eight months to discover whether this is Imperial Preference or preference of any kind whatever? When I come up against that part of the scheme, I say that he who runs may read in this Bill the principle of preference introduced. That being so, the Government scheme or the scheme of the Bill is vitiated from the very beginning, and we are not inclined to go into it.

Then my friend said, "What are these additional duties for if not for the protection of Tata's steel?" Now, Sir, I admit that the scheme propounded by the Bill does impose certain duties on both the British and Continental goods with a view to protect Tata steel. But it also imposes discriminating duties, higher duties, on Continental goods in the interests of Great Britain alone. And why do I say so? (*Honourable Members*: "No, no.") Please wait for half a minute. Whose interest is it in Madras or in Rangoon where the Tata Company's goods have not yet reached and will not reach for a good long time, that Continental steel should pay higher duties than British steel? Who is protected there except the British manufacturer? I say, I affirm, and challenge any denial of the fact, that in those parts where Tatas cannot compete with exported goods, the scheme of the Bill most decidedly gives preference to British goods over Continental goods, and that being so, I say that the Bill will operate,—at least in some of the remote parts of India,—as a protection to British goods alone and will have nothing whatever to do with the protection of Tatas. That being the case, Sir, I submit that this scheme of the Government is vitiated in principle.

As regards the other schemes, as has been pointed out, and I think very freely admitted by the propounders of those schemes, they do not arrogate to themselves infallibility or absolute freedom from all flaws; in fact the Tariff Board themselves have clearly pointed out that the scheme they have propounded is itself not free from flaws, and so also have my Honourable friends who have tabled amendments to that scheme. That being so, it is easy to find fault with any of the three schemes. When the authors of the schemes themselves admit that they are open to some objection or other, I do not think, Sir, we can condemn any one of those schemes simply because the authors of that particular scheme are unable to show to the satisfaction of the House that there are no flaws in it. That there is some flaw or other in every one of them, is admitted or can be proved. If we take that as the criterion, we shall be bound to throw out all the three schemes, because admittedly not one of them is without flaws. But why should we accept the Government scheme, is the question. My friend Mr. Jinnah has let the cat out of the bag in the concluding remarks of the speech he just made. We must say ditto to the Government, because if we do not, the Government will not agree with us, and then the Secretary of State will come in. My friend drew a vivid picture of the final scheme in which the corpse of this Bill would be found lying in the lap of the Secretary of State and that dignity would be seen trying

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to revive it. Now, Sir, I quite admit that we must look to the consequences of any action that we take in this House; but to ask us to agree to a proposition emanating from the Government Benches with which we do not agree in point of fact, and that simply to avoid some bad consequences either to us or to the country, I think, Sir, is too much to ask, and more specially in a case like this. Of course, I do not wish to generalise. I quite admit that there may be occasions when the necessity of disagreeing with the Government on a particular point may not be so great as to justify our running the risk of all the inconveniences which would follow. This is so simply because the Government are so situated that they can defy public opinion and therefore we must yield to them. But that is a weakness which I shall not extend to questions of principle. My friend Mr. Jinnah himself said, if it were a question of principle, he would not ask us to agree to the scheme of the Bill and that he would be the first man to vote with us. Now, if I am right in what I have submitted to the House on the question of preference, I say it becomes a very important question of principle and principle alone. In fact, I have not gone into a single figure. I am quite sure my friend cannot accuse me of going about with a bundle of books under my arm or with the long tables of figures which are in front of him now; but I do claim to be able to take a commonsense view even of the most technical subjects

Mr. M. A. Jinnah: May I correct one statement? May I inform the Honourable Member that I have it on the authority of Tatas that they have already made arrangements to send their stocks to Karachi, Rangoon, Madras and Bombay?

Pandit Motilal Nehru: Well, then they have done a miracle, and we should like to see how that miracle can take place. We have to make up our minds to believe in two impossibilities. The first is a wholesale reduction of the railway freights so as to enable them to take their goods to Karachi and to Madras and to sell them at the same rate as they can elsewhere within their 400 miles radius, and the next impossibility is that, at least for the present, they cannot manufacture all the requirements of India. It is an admitted fact that they cannot manufacture all the requirements of India at present.

Now, Sir, one argument remains on that point, and it is this. What will happen to new industries if you adopt the Government scheme of the Bill or any of these two schemes, specially Mr. Jamnadas's which introduces a partial system of bounties? Well, at least for the purpose of answering the question I may be permitted to rely upon the dictum of the Tariff Board themselves. What do they say? They said in their first report,—I hope I am quite right, but if I am wrong I may be corrected,—they said that any new industry will take five long years in order to be able to turn out even an ounce of steel, and another five long years to be able to put their goods into the market in such a way that they can compete with the other manufacturers. Well, that being so, if a new enterprise was to be started to-day, our Bill being only for 7 years, it would have worked out and lapsed before any such question arose. It will be time for us to consider, when the goods of this new enterprising manufacturer begin to come up in the market, whether he deserves protection, and, if so, at what rate and on what terms. Sir, I do not propose to go into the other questions about dumping and the difference of quality or to

examine the figures that my friend has been relying upon,—I leave my other friends who have gone into these figures and studied them very closely to answer him on that point,—but what I submit and what I ask the House very seriously to consider is that the Bill does embody the principle of giving preference to articles of British manufacture which is a most dangerous principle for us to adopt. It is a principle which, if you once adopt it, you will not be able to get rid of in future. I quite agree with the remark made by my Honourable friend, Mr. Moore, the other day, that it would be different if the principle were honestly introduced as what it is, by saying in so many words "We would like to introduce the principle of Imperial Preference and we ask the House to agree to it." If that were so, certainly I would consider the opinion of those who approve of that principle and think that it would be for the good of India in the long run (that there may be two opinions about it I do not deny) but to bring it forward in the surreptitious way in which it has been is, I submit, even worse than getting in the thin end of the wedge; it is injecting into the system, without our knowing it, a poison which will sooner or later prove fatal.

For these reasons, Sir, I submit that the scheme of the Bill is not acceptable at all. As regards the other two schemes, I submit that the first amendment of Mr. Jannadas Mehta for resubmitting it to the Select Committee is the most appropriate because there, as my friend the Honourable Sir Charles Innes has remarked more than once, these things can be considered across the table more conveniently and satisfactorily than they can be in all the heat that an argument in this House necessarily engenders.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr. President in the Chair.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, it seems to me that my friend Mr. Jannadas Mehta, who has declared himself on the floor of this House to be a protectionist from political convictions, is apt to be very suspicious of the recommendations of that expert body, the Tariff Board, which was established with reference to a Resolution of this House to study the requirements of the various indigenous industries in regard to protection and to make recommendations in that respect. Those recommendations must naturally be based wholly on economic and not on political considerations. The speech which my friend delivered in this House last Monday reminded me of another speech which he delivered on a previous occasion, namely, the 2nd of June 1924, when this House was considering the previous recommendations of the Tariff Board which were incorporated in the first Steel Industry (Protection) Bill. On that occasion also my friend was suspicious of the recommendations of the Board because they were unanimous and because they had the support of Government, and he expressed the opinion on the one hand that they would be inadequate to meet the needs of the industry and on the other hand that they would hit the consumer. Time has shown that those suspicions have proved groundless. Last Monday I was glad to find several of the speakers on the Benches opposite congratulating Gov-

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ernment and the House on the efficacy of the measures which were adopted in 1924. If I may say so, Sir, those congratulations are due in a greater measure to the Tariff Board; and I submit that the admitted efficacy of their first recommendations is a strong argument for our not turning down light-heartedly, and mainly on political considerations, their later recommendations which are now before the House. I have no doubt in my own mind that time will again establish the soundness and the efficacy of the Tariff Board's present recommendations, whatever doubts may be entertained by some of my friends on the other side in regard to them largely on political considerations. The Board has been accused of inconsistency in connection with its present recommendations, but I submit, Sir, that it is hardly fair to level such a charge against the Board if as a result of further experience, and maturer consideration in the light of that experience, they have found themselves compelled to modify some of their previous conclusions. As I have already said, Sir, it seems to me that the principal objection to the Tariff Board's proposal about differential duties is a political one, namely, that the proposal, if accepted, will constitute a back-door for the surreptitious introduction by Government of a system of Imperial Preference. I was sorry to find that my friend Pandit Motilal Nehru, for whom I have the highest respect, was also expressing that view. In the Select Committee, Sir Charles Innes made a statement which we hoped would have helped to remove this misapprehension and it had undoubtedly that effect on a large number of members of that Committee.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): On a point of order, Sir. The statement was made in the Select Committee. Can the Honourable Member refer to it?

Mr. President: Is the statement made to the Select Committee on record?

The Honourable Sir Bhupendra Nath Mitra: I have not quoted it yet, Sir. I have simply referred to the fact that a statement was made. But what I am going to say will afford an explanation of what I have just said. Mr. Jinnah in his speech asked Government to make their position perfectly clear in this connection, and I have been asked by Sir Charles Innes to repeat to this House, on behalf of Government, the statement which he made to the Select Committee. That statement runs as follows:

"If a policy of Imperial Preference were adopted by India, it would mean that we would have two scales of duties throughout a great part of our Import Tariff—a lower duty for British manufactures and a higher duty for non-British manufactures. The basis of the scheme would be Empire sentiment and a desire, even at some sacrifice to India, to give the British manufacturer an advantage over the Continental manufacturer. The Legislature is not asked to adopt such a policy and it is not intended to ask them to adopt it. Nor could it be adopted without the consent of the Indian Legislature. What has happened is that the Indian Tariff Board has found, in the particular case of steel, that it is in India's interest, in order to keep down the price of standard steel as well as adequately to protect the Indian steel industry, that we should impose lower duties on British steel than on Continental steel. The basis of the proposal is not Empire sentiment, but India's interest. That is the essential difference. Moreover, the difference in the duties will disappear if Continental steel prices rise."

Now, Sir, I hope that will make clear to my friends on the other side who have still any suspicions on the subject that it is not the intention of Government or the Tariff Board to introduce into India by the back door of this particular measure Imperial Preference. The sole object of

the Tariff Board's proposal, as was explained more fully by my friend Mr. Jinnah this morning, was to devise an arrangement which would be effective to the steel industry and which would also throw the minimum amount of burden on the consumer. As I understand the position, it was only by an accident that that measure included as an element the grant of differential duties to articles of British manufacture.

I have no desire, Sir, to take up the time of the House by trying to explain to it the merits of the three proposals now before it. My Honourable friend Mr. Jinnah has already done his best to put the case with his usual eloquence. I shall deal now with the specific proposal before the House, namely, the proposal to remit the Bill to the Select Committee. I have failed to understand what the precise object of this proposal is. My Honourable friend, Mr. Jamnadas Mehta, said that the Select Committee had not carefully examined the alternative method of a protective duty *cum* bounty; and apparently, his main, if not his sole, object in securing a recommitment to the Select Committee was that that particular alternative should be more fully considered. Now, Sir, it appears from the report of the Select Committee, and also from Mr. Joshi's minute of dissent, that that alternative was fully considered by the Select Committee; and I shall quote what the Select Committee say in their report

"As a result of our discussions, the great majority of us were satisfied that only two methods were practicable in present circumstances."

That means clearly that by a great majority they ruled out the third alternative proposal of a protective duty *cum* bounty. That being so, I submit that there is no justification for this House to refer the matter back to the Select Committee, and it was evident from the speeches of my Honourable friends, Messrs Chetty and Birla, on Monday last that even now they do not favour that alternative. Now, Sir, the only other argument which I have heard seriously urged in regard to this proposal for a recommitment to the Select Committee was I think placed before the House by Mr. Acharya. He said that the present report—the so-called majority report—is signed by 7 or 6 members, while the minority report is signed by 6 or 5, and that if we sent back the Bill to the Select Committee, probably as a result of further deliberations there might be a larger number of members of the Select Committee who would be inclined to sign a majority report, or things might improve so far that there would be a unanimity. Now, Sir, is that within the range of practical politics? Supposing we sent back this Bill to the Select Committee and we again had a majority report and a minority report, signed by similar numbers of members as the Reports now before the House, is it the intention of the House that those reports should go back to the Select Committee, and this process should continue indefinitely? I submit that the House has before it sufficient data to come to a definite conclusion in regard to the Bill one way or the other, and that it should be purely wasting the time of the House if we sent the Bill back to the Select Committee to reconsider the points which they have already considered and considered very carefully.

My Honourable friend, Mr. Jinnah, has already pointed out the objections to Mr. Jamnadas Mehta's proposal about a protective duty *cum* bounty, and in that connection it was mentioned by my Honourable friend Pandit Motilal Nehru that that proposal was the only arrangement which would not injure the consumers in areas where Tata's steel does not compete with Continental steel. I should like to remind the House that

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the measure before it is intended to provide protection for the steel industry for 7 years, and though it may be true that at the present moment Tata's steel has not had access to those particular markets, I should be inclined to hope that with the amount of protection provided it will gradually find its access to those markets and we should certainly be prepared for that contingency. Mr. Jinnah mentioned that he had information that Tatas were actually trying to explore some of those markets. I have definite information obtained from the Indian Stores Department that Tatas have established an agency in Rangoon and are trying to push their goods into the Burma market. (*An Honourable Member*: "At a loss.")

Mr. B. Das (Orissa Division: Non-Muhammadian): The Indian Stores Department never buy Tata's goods.

The Honourable Sir Bhupendra Nath Mitra: I did not catch what the Honourable Member said, but if he wanted to allege that the Indian Stores Department never buys Tata's goods, I think he is absolutely under a misapprehension.

Mr. B. Das: But that is the fact. They buy very little.

The Honourable Sir Bhupendra Nath Mitra: What about the large quantity of rails which are purchased by the Railways from the Tatas and which provide the Tatas with the largest portion of their custom in India.

There is only one other point with which I should like to deal. Mr. Jinnah in his speech referred to one particular portion of Sir Charles Innes's speech on the 26th January, 1927, which he thought might lend colour to an impression on the part of Members of this House that that particular portion of the speech was meant to be in the nature of a threat. I have read the speech over again and for my part I have no hesitation in saying that that was far from the intention of my Honourable colleague.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadian): No one ever alleged it.

The Honourable Sir Bhupendra Nath Mitra: Sir Charles Innes is fully entitled to take credit for having piloted through stormy debates in this House various measures for affording protection to our steel industry and he was rightly congratulated in this House the other day for the efficacy of the measures which he has succeeded in introducing. That being so, he takes a peculiar interest in the well-being of this industry and the words which he uttered on the 26th January, 1927, seem to me to have been spoken more in the voice of plaint than in the voice of threat. He feels, and I entirely share his feeling, that if it is impossible to continue to it this measure of protection, there is a great danger to this basic industry of India. I do not know whether many of my Honourable friends in this House have paid a visit to Jamshedpur. Well, I was there last December and I was absolutely impressed with the magnitude, and value to the country, of the undertaking there. I have visited various parts of India and I can say honestly that I have never come across any other industrial centre where the labourer is so well cared for. I do not mean to say that conditions there are as perfect as they should be, because I have not the least doubt that no conditions on this earth can ever be perfect. But I repeat again that the conditions there are certainly much better than what I have ever seen in any other industrial centre in India. I had the

pleasure of having an hour's discussion with the trade union of the labourers and I was asked by them for advice as to how they were going to spend the regular income which they now manage to collect.

Mr. President: I am afraid that if my Honourable friend opens up that subject, there is my friend Mr. Joshi who is sitting behind him to follow him up.

The Honourable Sir Bhupendra Nath Mitra: As this is the only opportunity I have of speaking on this motion, I hope you will give me a few more minutes.

Mr. President: The Chair has no objection, but let the Honourable Member take care of his friend.

The Honourable Sir Bhupendra Nath Mitra: As I said, Sir, the trade union people discussed with me the best means of spending this regular income which they are now getting and which is being collected through the agency of their employers. We went into various items of benevolent activities of a trade union and most of the items I found were already being provided for by the employers. The employers had provided the labourers with houses. I quite agree that the number of houses is not yet adequate. They have provided them with medical facilities, and educational facilities, far above the standard of what you can come across in any ordinary station in India. I would implore my friends on the other side not to take any action which must inevitably lead to the break up of this happy colony. On the other hand, I hope that by giving their approval to the Government Bill, and dropping this motion for re-reference to the Select Committee, for which as I have said there is no justification, they would be able to assist in building up in India many other centres of industrial labour like the one which at the present moment exists at Jamshedpur.

Mr. N. M. Joshi (Nominated Labour Interests): Sir, this morning the big gun of the Independent Party thundered for a long time. There was no doubt some argument, but there was much of sound and fury and there was a great volume of dust raised. Whatever little argument there was has demolished the case for the amendment of my Honourable friend from Coimbatore, but the dust that was raised had merely clouded the issue as regards the motion before this House. As I took part in the debate when the Bill was sent to the Select Committee I do not wish to repeat the arguments which I used on the best method by which we can protect this basic industry. I had stated this as my opinion that this industry if it is to be protected ought to be protected after being nationalised. Sir, during the last three years we have paid 2 crores and 9 lakhs as bounty to the Tata Iron and Steel Company. The consumer has also paid according to my estimate—the figures are not given by the Tariff Board—by way of high prices perhaps an equal sum. We propose to give protection to this Company for seven years more. If I can make some estimate of the amount of protection either by way of bounties, if we approve of them or by the high prices which the Company may be able to obtain, my estimate is that during these seven years we may give to this Company about 5 crores at least. We shall have during the ten years' period given to this one Company a sum of about 10 crores. The Tariff Board estimates the assets of this Company at about 12 crores and on these 12 crores the Tariff Board, when calculating the works cost, have provided for a profit of about a crore of rupees every year. During these ten years they will get a sum of 10 crores. Now, if the Select Committee had adopted my proposal for

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nationalising this industry, it is quite possible that instead of giving them 10 crores it would have been necessary for us to give them 12 crores, 2 crores more, but during the ten years, if we nationalised this industry, we could have got an interest of a crore of rupees every year. The tax-payer of India, if my proposal had been adopted, would have merely given for that industry 12 crores, but would have obtained a good rate of interest. I feel the Select Committee has made a great mistake in not adopting my proposal. Perhaps the Select Committee thought that as the House is at present constituted my proposal was too democratic, but, Sir, I feel that when the House is more democratised than it is to-day there will be a much better chance for my proposal. But, Sir, even if my proposal for nationalisation was not adopted, the Select Committee ought to have adopted at least my proposal for giving bounties, the money for the bounties to be realised by raising the income-tax. Unfortunately the Select Committee believed that this House represents an electorate consisting of income-tax payers and big landlords and was not likely to approve of such a proposal and threw it out with contempt. I again repeat that when this House is more democratised in the future, that proposal will have a much better chance than the other proposals put forward either by the Select Committee or by the other Members, but, Sir, even if the Select Committee had not accepted that proposal I thought the Select Committee would at least accept the proposal of bounties and import duties. Unfortunately, it is quite clear from the Report of the Select Committee that even that proposal was not fully considered. I do not blame the Select Committee. Unfortunately it is true that when a proposal comes from me there are a number of people who look upon it with some suspicion. (An Honourable Member: "Shame.") I am glad to hear it is not so. Even if they had looked upon it with suspicion, there are a number of people who consider that at least in the eyes of the Honourable the Commerce Member it would not be respectable if they were to support a proposal coming from me. (Cries of "No.") I am glad there are cries of "No", but I should have been glad if those voices had been heard in the Select Committee. My main argument for opposing the Bill is this. I do not want the Government of India to get any financial benefit out of a scheme of protection. It is a dangerous thing for this House to sanction. It is wrong to give a temptation to the Government of India to make money out of a scheme of protection. After all protection involves sacrifice on the part of the consumers and if the capitalists and the Government conspire for their own benefit, I want to know, Sir, where the poor people in this country are to find a protector. The Government benefit on account of increased revenue, the capitalist benefits by higher prices; and if these two powerful forces combine I want to know how the interests of the poor people in this country are to be protected. It is for that reason I am opposed to this Bill, because it gives to Government revenue which they ought not to have. From that point of view it would have been a great advantage if the mixed scheme of import duties and bounties had been adopted.

Then, Sir, there is another reason why I support the mixed scheme and it is this. I have made it quite clear in my speech during the debate at the Select Committee stage that if protection is to be given to any industry it is necessary that we should impose some wholesome conditions upon that

industry. The first condition mentioned by me was that if the industry is to receive support at the hands of the nation, those who are controlling that industry will also give the benefit of that protection to the people working in that industry. Sir, in spite of what the Honourable the Member for Industries and Labour has stated, I know that the workers in Jamshedpur want the help of this House in improving their condition. He stated as his experience that when some days ago he went to Jamshedpur he found that the Secretary of the Union or the Managing Committee of the Union did not know what they could do with the money which they had. I wish the Honourable Member had stated the large amount which that Union possesses at present; then the House would have clearly known why the Secretary did not know what to do with it. Sir, in Jamshedpur there are at least 30,000 workers working in one undertaking. I know the Union has got with it a small sum of about Rs. 10,000. Naturally the Secretary of the Union did not know what scheme he could devise in order to give some benefit to the members of his Union. (*An Honourable Member*: "What about the monthly income?") Sir, the monthly income is correspondingly small. For 30,000 people with a sum of Rs. 10,000 and an additional monthly income of about Rs. 500 can the Union give sickness benefits? Can the Union give unemployment benefits? Sir, the Tariff Board proposes that during the next year or two at least 5,000 people must be sent away from Jamshedpur. Will this sum of Rs. 10,000 and a monthly addition of Rs. 500 suffice to give even a small unemployment benefit to the people who will be sent away within this year? Naturally, the Secretary of the Union did not know what to do with the money which he had. If he had had a larger sum I am quite sure he would have introduced a scheme for giving his members sickness benefit and an unemployment benefit and even old age pensions. But unfortunately the amount was too small. Then, Sir, the Honourable Member referred to the housing at Jamshedpur. If he had really gone to the houses he would have found that there are at least a large number of rooms in which he would not have lived even for half a day. The rooms built some years ago are less than 100 square feet. Sir, if the rooms had been built in Bombay the Municipality would have demolished them, but unfortunately they are in Jamshedpur. Then, Sir, the Honourable Member himself admitted that there is not sufficient housing in Jamshedpur. The Honourable Member has only visited Jamshedpur recently, but I can assure the Honourable Member that my visit is even more recent. I visited it two or three days after he had done so. I know therefore that the housing conditions in Jamshedpur are not as satisfactory as he has painted.

Sir, I do not wish to speak at great length on the labour conditions at Jamshedpur. The subject for to-day is protection. I therefore come to the second condition which I would put upon any undertaking which wants to receive protection at the hands of this House. The second condition which I want to impose is that no company or firm which receives protection shall give to its shareholders unreasonable dividends. It is but fair that the money which the company obtains from the poor consumers of this country should not be given away to the shareholders of the company. After all, protection is given in the interests of the country and not in the interests of the shareholders. I hope, Sir, the House will remember this point. Unfortunately that condition has not been imposed. Then, Sir, I would have also imposed some other conditions which I mentioned when I spoke last in this House. Unfortunately, as the Select Committee has

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decided against the scheme of bounties it is said that these conditions cannot be imposed. The Select Committee states in their Report that they could not incorporate these conditions or draft the Bill in such a way as to incorporate these conditions. Sir, I am not an expert draftsman, but, Sir, my Honourable friends of the Select Committee really show they had a very poor opinion of the expert draftsmen of the Government if after ascertaining the wishes of the Select Committee, and this House they could not draft a Bill including the conditions which we would like to impose. Sir, in the scheme for import duties and bounties there is thus a great safety for the people who are working in the industry as well as for the consumer and the tax-payer of this country. During this debate my colleague the Honourable Member from Agra stated that if we have bounties and if we have smaller duties on Continental steel, the smaller industries in this country would have an easy time. Not only will the smaller industries benefit, but I say, Sir, a large number of poor people in this country who use iron utensils for domestic purposes will derive a great benefit if there is a smaller duty on Continental steel. I know, Sir, it will be stated and it was stated by the Honourable Member from Bombay that in parts of Bombay and Madras where there is no competition between Tata's and Continental steel the prices are governed by the prices of English steel. But there are other parts of the country where at least the people will derive benefit by smaller import duties on Continental steel. I therefore hope, Sir, that this House will adopt the scheme of import duties and bounties.

Sir, I would like to make one more suggestion before I sit down, and it is this, that if the Bill as it is adopted by the Select Committee is considered, this House will insist that the amount of revenue which the Government derive over and above the amount which they will have derived from the revenue duties, will not be spent on ordinary expenditure and will not be carried over to the general treasury but will be set apart as a fund for the interest of the workers engaged in the industry or as a fund for the adequate training of the workers working in the industry as well as for the training of those who wish to work in the industry. Sir, I support the motion for recommitting the Bill to the Select Committee.

Mr. W. S. Lamb (Burma: European): Sir, I rise to oppose the amendment that this Bill should be sent back to the Select Committee.

Mr. President: Is the Honourable Member supporting the amendment?

Mr. W. S. Lamb: No, Sir, I desire to resist it. Being unused to the procedure here, possibly I did not make myself clear. I think, Sir, I might be forgiven if, considering how Burma is always neglected, I opposed each and every Bill possibly of this kind which threatened to tie Burma to the wheel and in the dust of every province in India. Sir, I am in favour of the Government Bill because it meets what I consider is the consideration which should always be before us, namely, that the duty should be as low as possible consistent with giving adequate protection to the steel industry. I do not wish to say very much about Imperial Preference. My own feeling is very much in favour of what my friend, Mr. Gavin-Jones, said yesterday. I think it is more or less an accident of commerce that the issue is between British steel on the one side and Continental steel on the other side. There is something of a shibboleth about the description Imperial Preference. In the minutes of dissent you find mention of

another "country of origin". There is no mention whatever of Imperial Preference. However, my Honourable friend, Mr. Jinnah, has dealt so faithfully with most all the points in this matter that I shall not attempt to go over that ground. He omitted mention of one point which the Honourable the leader on the opposite side touched on in his speech this morning, a point which you will find mentioned in the minute of dissent and particularly in the speech made by the Honourable Mr. Birla the other day. I refer to this:

"It is not unlikely that the British manufacturer, taking advantage of the assured position given to him in the Indian market, may lower the standard of British steel imported into this country."

In support of that suggestion, my friend, Mr. Birla, on Monday said this:

"During the war time a very good machine supplier had to deteriorate his quality because he found that he had to compete with the products of his own country. This (he says) is an example before us. Therefore, it is not unlikely, it is rather very very possible, that under an assured market for seven years, the United Kingdom may deteriorate their quality and start dumping rejected goods into this country."

Now I have an advantage over the Honourable Members of this Assembly, at least over those who did not sit on the Select Committee. The Honourable Mr. Birla in speaking on the floor of the House did not give the name of this firm, but he did so in Select Committee. I am not going to mention it here for though it is a privileged place there is a law of libel. But I have knowledge and I can speak of this firm. It is one that was founded in the year 1821, that is 106 years ago. Its machinery is being brought in regularly. Mr. Birla of course is entirely vague. He says this is an example, but he does not say, an example of what. He does not particularly state that the deterioration was actually in steel. This firm supplies various kinds of machinery actually made of cast iron. It is not inconceivable that the Honourable Member's complaint had to do with cast iron. What he desires to convey to us, however, is that this firm, this very old established firm, deliberately debased the nature of their steel for the purpose of getting their business promoted, and he gives this as an example of what the British manufacturers are likely to do. My own feeling is that you may as well expect the Crown jewels to be removed from safe custody in England and given to the Bolsheviks as to expect or to think that the British maker of steel would debase his metal in this fashion. (Hear, hear.) The Honourable Mr. Birla in speaking on this subject quoted a note of the Honourable Member for Commerce, who of course had to confess that it was not impossible that the metal should be debased. There are many questions, outrageous questions, asked, but, particularly in these scientific days the reply of course must be, "it is not impossible". One might suggest that it is not impossible that Mr. Jinnah would ever lie down with Mr. Birla. I think that suggestion would be a much more reasonable one than the other one that the British manufacturer is going to debase his manufacture. (Laughter.) Well, Sir, we have heard a great deal about the Continental steel, and the general impression of the speeches on the other side made on me is that they desire preference for the importers of inferior steel. Frankly, I am a consumer of standard steel, and it ought to be clear to everybody that for certain purposes it is absolutely necessary that one should have standard steel. I can speak quite definitely about the oil business. Whatever the price of Continental steel, we could never for our purposes, such as tanks, stills, casing for walls and so on, fall back upon Continental non-standard steel.

[Mr. W. S. Lamb.]

To come to the Honourable Mr. Chetty's proposal, I find that on the figures for 1926 as shown in the Tariff Board's Report, we in Burma who import for our purposes British steel would have to pay something like Rs. 14-8-0 per ton more than the Government proposals. As has been pointed out by several speakers, Burma is no worse off than some other provinces in this respect; the standard steel consumers in Bombay, Madras and so forth will be equally at a loss. I suggest, Sir, that in considering this matter much more regard should be had for the consumers of high class English steel than has up to the present appeared to be the case. Naturally, if we have to pay heavy duties upon parts of machinery for refineries and oil-fields, such additional cost will be reflected in higher prices of kerosene oil, candles and all the other things that rich and poor alike consume in this country.

Mr. Fasal Ibrahim Rahimtulla (Bombay Central Division: Muham-madan): Sir, when the Bill came up before this House as introduced by the Honourable the Commerce Member the question that was raised in this House was that of Imperial Preference. There was no difference of opinion as to the continuation of the protection to be given to the steel industry. I venture to submit, Sir, that Mr Jamnadas Mehta's speech, on which I can offer him congratulations publicly in this House, would have proved more suitable on the first occasion than at this juncture, because I wish to maintain that the Bill as it has come out in the modified form from the Select Committee does not contain Imperial Preference or what is known popularly as British preference; and I will point out in a few minutes, to the Honourable Members on this side of the House, conclusively that by the modification which the Select Committee have been able to make in the original Bill, the question of British preference has been altogether omitted. It is perfectly true that there was Imperial Preference when the Bill was first introduced in this House, and for the considerable time that this House has taken on this question I may say that the blame rests on the shoulders of the Tariff Board entirely; because, Sir, if I may be allowed to point out, from paragraph 105 (page 58) of their Report I can conclusively prove that there is Imperial Preference on the wording of the Tariff Board:

"But in any event we feel that we are not concerned with the political aspect of the case. Our inquiry is confined to the economic issue and if a system of differential duties is desirable in the interests of India on economic grounds for the adequate protection of Indian industries and for a fair adjustment of the burden involved we do not feel debarred by political considerations from recommending it."

That means that on economic grounds they would recommend Imperial Preference. I say, Sir, on the floor of this House that we are not going to be a party either directly or indirectly to Imperial Preference. If this House wishes to discuss Imperial Preference, the Government ought to bring it up on a separate issue, the majority and minority reports of the Indian Fiscal Commission. Until that report is discussed in this House, this House will not be a party to any form, either direct or indirect, of preference.

But when saying that I may be allowed to point out to the Honourable Members on this side that the Bill as modified omits altogether the provision as introduced in the original Bill. I hope I have proved to the

satisfaction of this House that as far as the question of Imperial Preference or British preference is concerned, that is not so. I will read the report on clause 2:

"~~It is~~ considered a suggestion that the Bill contained no provision for the consequences which might follow a substantial decrease in the price of British steel, and we have amended clause 2 (1) of the Bill in order to provide for this contingency. It is proposed by the amendment to insert in section 3 of the Indian Tariff Act, 1894, a new sub-section empowering the Governor General in Council to increase, but not to reduce, the duty chargeable on articles of British manufacture if the changes in prices are such as are likely to render ineffective the protection given to the Indian Steel Industry."

This very fact shows that there is no preference at all. The country of origin ceases to exist in the consideration of the amount of duty and the question of the price level of imported steel from all countries is the only sound basis which has been introduced as modified by this Bill; and I may say, Sir, that if the protection is to be neither excessive nor inadequate, then the only form of duty is differential duties. The question that has come now before us is "Why should the Continental steel be penalised and why should those people in Madras and Rangoon be penalised because they are not going to buy Tata's steel." This argument can be met by saying that it is our intention, as I take it, it is the intention of the whole House, to protect the Indian industry against world competition. You can not have different duties for different ports. You want one duty for the whole country, and, if you want to guard yourself against the whole world, you must have adequate duties to protect yourself. If that is the basis, then you must levy such duties as will protect you both from British and Continental steel. If I may be allowed to point out, Mr. Chetty's proposal is nothing but Continental Preference, and I want to say on the floor of this House that we should be a party neither to the one nor the other. What is the price that he has put down? He tells us that structural sections will cost—British Rs. 104, and Continental Rs. 86. If Rs. 7 are to be added from the non-standard steel to standard steel, the price will be Rs. 93 as against Rs. 104. We have to protect Tata's steel which is Rs. 120, and you cannot do it unless you put Rs. 123 on British steel and Continental steel. I hope that will be taken into account, and I hope that when we are considering the Report of the Select Committee the question of Imperial Preference, which is omitted from the Bill, will not now again be debated in this House.

(Mr. M. R. Jayakar and some other Members rose to speak.)

(Several Honourable Members on the Government Benches moved that the question be put.)

Mr. President: Honourable Members on the Government Benches need not be impatient. I will accept closure after I hear Mr. Jayakar.

Mr. M. R. Jayakar (Bombay City: Non-Muhammadan Urban): As a member of the Select Committee, Sir, who has signed the minority report, I think it is due to the House that, representing the party that I do in this House, I should state clearly and briefly my views for the consideration of this Honourable House. I quite agree that out of the many objections which I raised in my speech when the Bill was before this House at an earlier stage, owing to the courtesy of the Honourable Sir Charles Innes one of my important points has been met by the insertion of the amendment which has since been introduced, empowering the Government to regulate the duty in case the prices of British steel come down.

[Mr. M. R. Jayakar.]

I also publicly want to acknowledge the courtesy which Sir Charles Innes has shown to us by meeting objections which at times must have seemed to him somewhat inexpert, and also by putting at our disposal the expert machinery of the Government for drafting in proper language many points that were raised from time to time, and also for modifying the Bill in the way we suggested. I have considered very carefully the several points which have been urged, especially in the learned speech made by my Honourable friend, Mr. Jinnah. I am sure the House appreciates the extreme care and elaboration with which he went into several figures. I am however still left unconvinced as to a few important points. But having regard to the short time at my disposal I shall only ventilate one or two of these, leaving the others to be discussed, if this Bill should go back to Select Committee, in that Committee, or if it does not go back, then to be discussed in the open House. The difficulties which then I had, Sir, have since been considerably increased by reason of the representations which have been made to us by our constituents in Bombay by telegrams and other messages. Representing as I do a constituency which, though of income-tax payers, consists of many petty dealers in industries of iron sheets and other articles, I feel a difficulty which I wish to put before the House for their consideration. I must own, Sir, that I feel that my Honourable friend Mr. Jinnah unduly laboured the point of Imperial Preference and it did look like a case of protesting too much. Every speaker who has taken part in this debate on the side of Government has strained every nerve to convince us, which makes me somewhat suspicious, that this is not a preference of any kind, either Imperial or British. Speaker after speaker has gone into this question, but I feel that one or two points which have not yet been answered and which made us feel as if it was a question of preference, should be cleared. It may be, Sir, that it is not Imperial Preference in the sense that goods of the same quality, one coming from England and another coming from the Continent, are preferred one over the other. That kind of British or Imperial preference may not exist in this Bill. But that is not stating the whole case. You cannot get away from the fact that in this Bill, Sir, there are two or three elements which look like preference. First of all, the Bill makes the country of origin, and not the quality of the goods the determining test. Secondly, if the Honourable Members will turn to page 54 of the Tariff Board's Report, they will see a table there which clearly shows that a higher duty is put on Continental steel and there is preferential treatment given to British steel as such. There is also a statement at page 58 that British goods have been given the benefit of a presumption, on a somewhat hypothetical basis, of being unalterable in their price, whereas Continental goods are taken to be alterable in their price. To me this seems to be a case of an *ex cathedra* statement not entirely justified by the evidence furnished to us. Coming now to this aspect of the Bill, one cannot get away from the fact that this Bill submits to unnecessary hardship the consumer in those parts of India where Continental steel is wanted by him and where neither Tata steel nor British steel penetrates. I am taking for my illustration those parts of India where these conditions co-exist,—where Tatas do not cater, and where British steel does not compete, where in fact, it is not wanted, *i.e.*, where the industries are such that the people are not concerned with building bridges like the Howrah Bridge in Calcutta or reservoirs as in places like Bombay, but have small infant industries like safes, trunks, locks, pots and pans, for the poorest classes, which are all made from Continental steel. The consumers living in such

places say—and I want to put their case before the House,—“We do not require for our purposes your standard steel with all the qualities of malleability, durability and all other ‘abilities’ in the world. We want for our purposes the cheap mild steel which we get from the Continent. The Tatas do not supply this steel.” I find in the Report of the Tariff Board an extraordinary statement which I shall read to my Honourable friends. The Report says at page 51:

“The Tata Iron and Steel Company produces steel of British Standard specification, but the market for this class of steel is not sufficiently wide to absorb the whole of the Company’s production; and, in consequence, a proportion of Indian steel must be sold on the basis of the lower prices at which Continental steel enters India.”

Paraphrasing it into plain English, it means this, that the Tatas will not manufacture the kind of inferior steel that those people want. The Tatas tell them “We will not give you the quality of steel which you want. We produce only one quality fit for building bridges like the Howrah Bridge and big reservoirs such as those in Bombay and other big cities. Yet if you want Continental steel, you must pay a higher duty”. And forsooth, why? Not because the Tatas compete with that kind of steel—they will not even produce anything of that kind,—but they simply say that in *certain eventualities* “When we grow up and come to your regions, which may take ten or more years,—a period absolutely hypothetical,—your Continental steel will compete with our British steel, therefore even from now you must be penalized for your using Continental steel”. So put, the claim made by the Bill is absurd. It is not the ordinary consumer who is penalised—that may possibly be justified on the ground of one man’s interest making room for the country’s good—but it is the consumer who is trying to build up in this country an infant industry. I do not want, in our desire to protect Tatas, to leap from the frying pan into the fire. I should be very loath to see that by rushing through a Bill of this character we killed all these growing, nascent industries, which are just springing up in this country with the aid of Continental steel. I am sure the House will agree that it ought to be our main care that in trying to help one industry we do not cut at the root of another industry which requires our protection and vigilance in the same manner as the Tatas do. My question before the House therefore, is, what is the justification for penalizing such consumers in places where Tatas do not penetrate, where they do not expect to do so for many more years, where Tata’s superior steel is not wanted, where British steel does not compete and is not in demand and where Continental steel is very largely required for the poor man’s purposes like pots, pans, and cheap trunks, and where small trades of this description are growing up. Why should we penalise the consumer in provinces where these things co-exist? I have before me the views of a very eminent authority on the Steel industry, Mr. Perin. We are often told that all the expert authority is on the other side. Fortunately, I have in my hand the account of an interview which was given by Mr. Perin in Bombay to the ever watchful editor of the *Indian Daily Mail*. Honourable Members will find the interview reported in the *Indian Daily Mail* of the 2nd February. Mr. Perin, Sir, as my Honourable friends must be aware, is a very expert Consulting Engineer. I understand that the Tatas used to pay him a magnificent salary which must be the despair of most of us here. He belongs to the celebrated firm of Consulting Engineers in New York, Messrs. Perin and Marshall. He is perfectly disinterested and a man of very great authority on the steel industry, and I think I am justified in pitting

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that authority against that of Mr. Ginwalla and his colleagues. Asked as to what is the justification for penalising such consumers, Mr. Perin came out boldly and said "for the sake of the Empire," in other words, for the sake of Imperial Preference. The justification for such an unjust hardship is, according to Mr. Perin, not those economic grounds which have been urged before us here or by Mr. Ginwalla and his colleagues in their Report but a bold and straightforward admission that it is necessary to do so in the name of preference for the Empire. I am going to read Mr. Perin's own words to this House.

The Honourable Sir Charles Innes (Member for Commerce and Railways): I just want to remind the Honourable Member that Mr. Perin is an American, Sir.

Mr. M. R. Jayakar: That does not alter the fact that he is a great expert, and if Imperial Preference is to be carried to the extent of ignoring the opinions of all experts who are not British in origin, then my Honourable friends may reject Mr. Perin's weighty views because he is an American as the Honourable Member for Commerce is seeking to do. This is really Imperial Preference with a vengeance, Sir. The Tatas themselves did prefer Mr. Perin to English experts; that is perfectly clear and sufficient for my purposes. "Won't the preferential tariff in favour of British prejudice the Indian consumer?" asked the interviewer. Mr. Perin said, in reply, "Yes, in a small way. *But then people belonging to an empire should certainly be able and willing to help each other in order to further their industrial position*"—a clear and straightforward answer. He does not deny the fact that the consumer in India is going to be penalised, but says, it must be so for the sake of the Empire's good. I wish the Government were equally straightforward and said "Yes, we know the fact that the consumer is going to be penalised but we justify it on the ground that being a member of the British Empire, he must suffer a little sacrifice in the interest of that Empire." I can understand this language, Sir, clear and precise as it is although my answer then will be in the same terms that Pandit Motilal Nehru urged, though perhaps less strongly worded. Let us be self-governing members of the Empire, self-respecting limbs of its political organism and then these interchanges of commercial amenities will be certainly more numerous and more willingly undertaken than now. At present, India's position is like "Heads, I win, tails, you lose." It is absurd to talk of any sacrifice for the Empire in our present degradation.

There is no doubt, Sir, as Mr. Perin admitted that this is the only justification why we penalise the consumer in these parts of India. There is no other justification for penalising these infant industries except in the name of British preference?

I will now leave this question and proceed a little further. Sir, my Honourable friend, Mr. Jinnah, read Mr. Lalji Narainji's speech. Sentiment does not enter into mathematics, he says. But my friend did not tell my Honourable colleagues that the body, of which Mr. Lalji Narainji was the President, when he made the speech which Mr. Jinnah read from, viz., the Indian Merchants' Chamber and Bureau, has sent a wire to the Commerce Department of the Government of India, stating that this is the thin end of the wedge and the Government are introducing British preference by the back door. When Mr. Jinnah stated Mr. Lalji Narainji's view, I thought it was equally pertinent to point out the

view of the body of which Mr. Lalji Narainji happened to be the President at the moment. Secondly, Sir, he referred to one Mr. Anandji. Honourable Members who sit next to me were perplexed by the frequent repetition of this name. Who is Mr. Anandji? They asked. I was reminded, Sir, of a case showing the great danger of constantly repeating unfamiliar names. I was once arguing before a sleepy judge of the Bombay High Court. It was a case of Teji Mandi transactions. I constantly used the word Mandi. The Judge went to sleep with the words "Mandi" in his ear and after an hour he woke up and said: "But who is this Mr. Mandi; is he a witness or a party?" Similarly, my friends on my vicinity asked "Who is this Mr. Anandji?" Well, Sir, Mr. Anandji is nothing more or less than a member of a firm in Bombay called Mulji Haridas and Co. I hold in my hand a representation made to Government by that firm, of which Mr. Anandji is only a member. The corporate opinion of that partnership, Mulji Haridas and Co., of which Mr. Anandji, whom Mr. Jinnah resuscitated from obscurity on this occasion, is a member, is this:

"That this Bill not only gives preference to the British Standard Steel, but it imposes frightfully heavy duties on the Continental Steel which does not even enter into any competition with the British Standard Steel."

Then they go on to develop the point, and ask the question which I am trying to urge upon my Honourable friends why should all these infant trades be killed by raising the Continental duties on goods which had not entered into competition with British or Tata steel. May I ask the Government "In whose interest are you doing all this?" You speak of protecting the Tatas only and not Britain. If so, what is the justification for raising the burden on the consumer where the Tatas do not enter into competition at all and are not likely to do so for another decade? You have frankly to admit either (1) that you are doing this in the *future* interests of the Tatas which may or may not materialize for 10 years more or (2) that you are doing it, plainly speaking, in order to hamper Continental trade in the interests of British trade. As against that, there is further the argument that British goods do not supply the quality of steel which is required in this market. But we are told, Sir, that considerations of "public safety" come in. This is sheer moonshine. Mr. Perin was further asked: "Is Continental steel of inferior character put under the ban in England?" A very pertinent question, when India is asked to put under the ban such Continental steel to the detriment of her poorer classes. Mr. Perin was asked to give his experience in this matter:

"Q. How do you explain the large imports of Continental steel into Britain if their quality is poor as compared to British steel?"

A. Standard steel is not necessary for all purposes. Britain uses large quantities of steel of poorer quality in different manufactures. To think of using standard steel for those purposes would be waste of so much good steel."

"Why should we be asked to use standard steel for all purposes?" was the next query. Mr. Perin said he would prefer not to answer the question. It is this answer, or rather the omission to answer which has been troubling me. These poor people do not want your superior steel. Tatas will not give them inferior steel: Britain will not give them inferior steel. What are they to do? Either starve or pay higher cost for nobody's good! This is the *reductio ad absurdum* to which the whole case can be brought. I am sure, Sir, and I say so with all responsibility that the result of this Bill, if passed, will be to starve these poor industries for no fault

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of theirs and for no Indian's benefit. It is something like the saying we have in Marathi: "The father does not allow me to beg, the mother does not feed me, with the result that I am starving." You will not give them the steel, neither the Tatas nor the British. You say, use our superior steel for your inferior purposes. That means that for your pots and pans and kettles, use the steel of which bridges are built. If I were to parody the argument, I should say: "Stock the Howrah Bridge Steel in your kitchen". I submit, Sir, with great respect to Mr. Ginwalla and his supporters that this is an absurd argument.

Coming now to one or two points which I shall briefly touch—there is the point which my Honourable friend, Mr. Joshi, made with which I entirely agree; that some conditions ought to be put on the Tatas and their management before any kind of protection is given by this House. As he has made a reference to that, I will take a couple of minutes to deal with it. Many of us believe, Sir, notwithstanding the so-called Indianisation of the Tatas, that the process is not rightly begun. They talk of Indianisation, but we submit that Indianisation ought to begin at the top and not at the bottom. The bottom is always Indianized, perhaps too much so. And I have the authority once more of Mr. Perin whom I shall quote in this connection. He had the singular opportunity of visiting the Bhadravarti Iron Works which the Mysore Durbar has started under the distinguished supervision of Sir M. Visvesvaraiya. He went there and he saw the whole of it and he was so singularly impressed with the excellence of the work done by Indians alone in the Bhadravarti Steel Works, that these remarks which I quote represent his sentiments:

"It was a very noticeable feature that the industry in Mysore was entirely manned by Indians. Educated Indians had been trained and put in charge of the various sections of the works, and he was more than pleased with the progress shown on the manufacturing side of the industry. Even from the technical point of view the works were being run on thoroughly efficient lines."

I want the Tatas to take this leaf out of this Sir M. Visvesvaraiya's diary and copy it in bold letters.

For these reasons, Sir, I support the amendment of my Honourable friend, Mr. Mehta.

An Honourable Member: I move, Sir, that the question be now put.

The motion was adopted.

Mr. President: The original question was:

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

Since which the following amendment has been moved:

"That the Bill be recommitted to the Select Committee for reconsideration."

A.M. The question I have to put is that that amendment be made.

The Assembly divided:

AYES—50.

Abdul Latif Saheb Farookhi, Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Seshu.
Belvi, Mr. D. V.
Bhargava, Pandit Thakur Das.
Birla, Mr. Ghanshyam Das.
Chaman Lall, Mr.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra
Gour, Sir Hari Singh
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kelkar, Mr. N. C.
Kidwa, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.

Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Moore, Mr. Arthur.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Rananjaya Singh, Kumar.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Rao, Mr. G. Sarvatham.
Roy, Mr. Bhabendra Chandra.
Sarda, Rai Sahib M. Harbilas
Singh, Mr. Gaya Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Tok Kyi, U.
Yusuf Imam, Mr.

NOES—61.

Abdul Aziz, Khan Bahadur Mian.
Abdul Haye, Mr.
Abdul Matin Chaudhury, Maulvi.
Abdul Qayyum, Nawab Sir Sahibzada
Abdullah Haju Kasim, Khan Bahadur
Haji.
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha
Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Clow, Mr. A. G.
Coatman, Mr. J.
Cocke, Mr. H. G.
Crawford, Colonel J. D.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Gavin-Jones, Mr. T.
Ghazanfar Ali Khan, Raja.
Ghulam Kadir Khan Dakhan, Mr.
W. M. P.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.
Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.
Jinnah, Mr. M. A.
Jawahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Kikidhai Promchand, Mr.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Mohammad Ismail Khan, Haji
Chaudhury.
Muddiman, The Honourable Sir
Alexander
Muhammad Nawaz Khan, Lieut.-
Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Natiq, Maulvi A. H.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rahimtulla, Mr. Fazal Ibrahim.
Rajah, Rao Bahadur M. C.
Roy, Mr. K. C.
Roy, Sir Ganen.
Rufnaswamy, Mr. M.
Sassoon, Sir Victor.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. B. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Yakub, Maulvi Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. President: The question is :

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President: Clause 2.

Mr. E. K. Shanmukham Chetty: I beg to move :

"That for clause 2 of the Bill the following be substituted :

'2. (1) For sub-section (4) of section 3 of the Indian Tariff Act, 1894, the Amendment of section following sub-sections shall be substituted, namely :

'(4) If the Governor General in Council is satisfied, after such inquiry as he thinks necessary, that articles of any class chargeable under Part VII of the Second Schedule with both a basic and an additional duty are being imported into British India from any place outside India at such a price as is likely to render ineffective or excessive the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase or reduce the additional duty to such extent as he considers necessary.'

(2) In the Second Schedule to the same Act there shall be made the amendments specified in the Schedule to this Act.

(3) The amendments made by this section other than those made in Parts I and II of the Second Schedule to the Indian Tariff Act, 1894, shall have effect only up to the 31st day of March, 1934."

VIII of 1894.

Sir, the object of this amendment is to give effect to the recommendation of the scheme that is embodied in the minority report of the Select Committee. During the consideration stage of this Bill the question of Imperial Preference and other allied questions have been so thoroughly discussed that I do not think it is necessary any more to dwell on that point. The scheme that the minority has suggested, as I explained in the speech that I made at an earlier stage, is a modified form of the weighted average system suggested by the Tariff Board itself. I explained at an earlier stage what the weighted average system really means. So far as adequate and effective protection for the steel industry in India is concerned, there is not the slightest doubt that the scheme that we have suggested would be as adequate and effective as the scheme suggested in the Government Bill itself. Honourable Members need not therefore be under the apprehension that the scheme that we propose would result either in excessive or in inadequate protection.

The main object of the scheme that we have suggested is to take away what we consider to be a vicious principle in any scheme of tariff, and that is a scheme of tariff based upon merely the country of origin of the commodity. Sir, I made it plain that under our scheme the price of standard steel that comes from Britain would be a little higher than under the scheme suggested by the Government Bill. But I venture to observe that this disadvantage would be more than counterbalanced by the lower price of Continental steel according to our scheme. After all, when we see the statistics of the import of steel into this country we find that the volume of Continental steel imported into India is certainly greater than the volume of British standard steel,—far greater. Apart from the fact whether Continental steel is inferior to the British standard steel, I am told that the bazaar uses Continental because it is softer and more easily worked. It would not pay a rupee per ton more for British bars.

for instance; and any iron merchant will confirm this statement. Ordinarily the consumer of steel in this country requires only Continental steel and he does not care for British standard steel even though it is of superior quality. If, therefore, our main consideration in framing our tariff is to be the welfare of the consumer, we must so arrange our duties as not to unduly penalise the consumer of Continental steel. I maintain that from that point of view the consumer is certainly in a much more advantageous position under the scheme that we have suggested ~~than~~ under the Government scheme.

But, Sir, we have been told that even though on the face of it Continental steel is cheaper under our scheme, the retail dealer of Continental steel will take advantage of the higher price of the British steel and would thereby have a larger margin to work upon. The Tariff Board have not given us any figures to substantiate that statement. We have not yet heard from my Honourable friend the Commerce Member any figures to substantiate that statement. My Honourable friend Mr. Jinnah said that he was going to prove with facts and figures this statement and I was anxiously waiting for his facts and figures and they are still to come.

Mr. M. A. Jinnah: I am prepared to give them to you now—afterwards.

Mr. R. K. Shanmukham Chetty: They are still to come. Am I right?

Mr. M. A. Jinnah: Quite right, but you shall have them.

Mr. R. K. Shanmukham Chetty: Sir, I have got some figures supplied to me which go to show that there is a vast margin between the price of Continental steel and the price of British standard steel. In the months of March and April 1926, the price of British beams—the landed price—was Rs. 142-8-0 and the selling price of Continental steel in Bombay was Rs. 120-0-0. There was a difference of Rs. 22-8-0 between Continental steel at Bombay and the landed price of British standard steel. In the case of angles the price of British steel was Rs. 142-8-0 and the selling price of Continental steel in Bombay was Rs. 131-0-0 in March and Rs. 135 in April. In the case of bars, British bars were Rs. 168 and Continental in Bombay was Rs. 145. In the case of plates, British plates were Rs. 151-4-0, Continental in Bombay was Rs. 135. In the case of steel sheets British were Rs. 181-8-0 and the selling price of Continental sheets in Bombay was Rs. 155. These are the statistics that have been supplied to me and if my Honourable friend, the Commerce Member, would prove that these statistics are wrong and that as a matter of fact the consumer of Continental steel does not get the advantage which we propose to confer on him, then certainly I would change my mind. But I submit that these figures have not been challenged either by the Tariff Board or by the Honourable the Commerce Member or by my Honourable friend, Mr. Jinnah. I claim, therefore, that if the main consideration that we must have in view in framing our tariff is the welfare of the greatest body of consumers, then under our scheme the consumer would certainly be under a greater advantage than under the Government Bill.

There is no use getting away from the fact that whether the Government scheme is Imperial Preference or British preference it certainly is British protection in addition to Indian protection. My Honourable friend, Mr. Jinnah, said that he was convinced that the scheme suggested by the Tariff Board is in the best economic interests of India. Certainly, if any

[Mr. R. K. Shanmukham Chetty.]

Honourable friend is convinced that this scheme is in the best economic interests of India, let him by all means vote for it. But let him not be under a self-deception that this is not British preference. Let him face the facts, let him honestly confess that this is British preference, that this British preference is for the welfare of India and therefore he supports it. If that were his position I would have no quarrel with him, but there is no use getting away from the fact that even though technically it may not be Imperial or British preference the Government Bill is seeking to give protection not merely to the Indian steel industry but the British manufacturers of steel as against their Continental rivals. Sir, as I have explained my scheme fully on Monday, it is not necessary for me to adduce any more arguments in favour of the amendment that I have proposed. To save the time of this House the procedure that I propose to follow is this. The other amendments that stand in my name are simply consequential amendments to the one that I have now moved and if the verdict of the House is against me in this amendment I will not proceed any further with my other amendments. Sir, I commend my amendment to the House.

The Honourable Sir Charles Innes: I must congratulate my Honourable friend from Coimbatore not only on the clear and brief way in which he has put his amendment before the House but also, as I said in my earlier speech, upon the extreme moderation with which he stated his case. I propose to follow his example as far as I can. In particular I do not propose to say more than what my Honourable colleague Sir Bhupendra Nath Mitra has already said upon this vexed question of Imperial Preference. Sir Bhupendra Nath Mitra read out a considered statement on the part of the Government, and I have nothing to add to that statement or to detract from it. The view we have always taken about this matter is this. We are not asking, and we have no intention of asking this House to adopt any general measure of Imperial Preference. We are not asking the House to sacrifice in any way the economic interests of India in order to do something for the British manufacturer. What we are asking the House to do is to accept the Tariff Board's Report. The Tariff Board have said that in the economic interests of India, in this particular matter of steel, in order to keep down the price of standard steel, it is advisable in the case of certain steel articles imported into this country to have a lower duty upon British manufactures than upon Continental manufactures. That of course is discrimination, preference if you like to call it, in favour of the British manufacturer. I do not deny the fact for one moment. The only point I wish to make is that that proposal has been made by the Tariff Board and accepted by the Government, because both the Tariff Board and ourselves know that this is the right course in the economic interests of India. Now, Sir, Mr. Chetty's speech has brought back the matter, I hope, to the economic issue. Mr. Chetty to all intents and purposes has dropped the question of Imperial Preference and he based his objection to the Government Bill mainly on the ground that the Government Bill discriminates by countries of origin. I am quite prepared to admit that this is an objection to the Government Bill. It is less convenient and not so simple to discriminate by country of origin as it is to have one flat uniform rate of duty for all imports that come into India. The Tariff Board say that and I admit it. At the same time there is no serious difficulty in making this discrimination and, as Mr. Chetty

said in his first speech, what we have got to do now is to balance up the advantages one way and the other and to decide on the balance which of the two schemes is the more advantageous to India. That, I make bold to say on behalf of the Government, is the sole consideration which has animated Government in the whole of these proposals. We have put these proposals forward because we are satisfied that they are the right proposals to put forward in India's interest. We have not put them forward because we wish in any way to do anything for the British manufacturer. The only point which has animated us throughout is the desire to do what is right for India. That is to carry out what has always been laid down as our criterion in this matter—to do that which will give the Indian steel industry adequate protection and at the same time be consistent with the economic well being of this country.

Now, Sir, the Tariff Board in making this report found themselves up against two facts. One fact I will deal with very briefly. That is the difficulty arising out of the course of prices. They find that British prices have more or less stabled themselves and that the level of prices prevailing in the four months of 1926 might be taken as fairly representative of the level of prices likely to prevail during the protection period. With Continental prices they find the case is different. They pointed out that there were many factors making for instability and they were quite unable to give any confident forecast as to what the future course of those prices may be. Mr. Jayakar said that this is an *ex cathedra* statement. It may, have been, but it is a finding on a question of fact, an expression of opinion, by the Tariff Board which, as I have said before, spent eight months' intensive work upon this problem and I ask the House to accept it in that spirit as an authoritative expression of opinion by what is after all our chief economic adviser in these matters, the Indian Tariff Board. The other fact that the Tariff Board found themselves up against was the fact that they considered it necessary in the economic interests of India to distinguish between two classes of steel, one standard steel and the other non-standard steel and they considered it essential and advisable in the interests of India that we should do nothing to impose unnecessarily high duties upon standard steel and therefore unnecessarily to raise the price of standard steel in India. That is a very important point. They were not merely concerned, as Mr. Moore apparently thought, with engineering matters. What they were concerned with was the industrial development of India, and you have it on record stated by the Tariff Board that if you do anything which unnecessarily raises the price of standard steel in this country, to that extent you are going unnecessarily to hamper the industrial development of this country, hamper the building of big bridges, hamper your transport, your communications, hamper the building of public works, hamper the manufacture of machinery in this country and increase the price of fabricated steel for all your engineering firms. Now, Sir, that is a very serious statement to be made by the Tariff Board, and here again I ask the House to treat that statement with the respect it deserves. As I have said in my earlier speech, had it not been for the difficulty of instability of Continental prices the logical course would have been to distinguish between standard and non-standard steel in your duties, but everybody has admitted that that is impracticable, and moreover even if that had not been impracticable it would not have met the difficulty arising out of the instability of the future prices of Continental steel. As Mr. Jinnah explained this morning that particular difficulty could not in the

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circumstances of India be met by the expedient of anti-dumping duties, for if we tried to go in for anti-dumping duties we should disorganise the whole of our foreign trade relations for we should infringe, I think I am correct in saying, a great many of our most favoured nation agreements. Therefore, as I explained, the Tariff Board, by the logic of their argument, were driven back on two facts. One is the fact—and here again it is the finding of the Tariff Board on a question of fact—that the British steel sold in this country is to all intents and purposes equivalent to standard steel and that the Continental steel sold in this country is to all intents and purposes equivalent to non-standard steel. The other fact is the fact that after all India is a part of the British Empire and that we can discriminate in favour of British steel. It is a domestic concern of our own and we do not infringe in any way our most favoured nation agreements by taking that course. That is the Tariff Board's conclusion. They say that by taking advantage of these two facts you get practically the same result as you would get if you differentiated between standard and non-standard steel.

Now, Sir, I should like to refer to the statement which I have just made that British steel sold in this country is equivalent to standard steel and that Continental steel is equivalent to non-standard steel. As I have said, that is a statement on a question of fact by the Tariff Board and it is supported by the evidence given before the Tariff Board. Let us take the evidence given by Mr. Anandji Haridas. I may explain for the information of my Honourable friend Mr. Jayakar that Mr. Anandji Haridas's main firm is in Calcutta. The Calcutta firm is a separate firm and a bigger firm than the branch in Bombay. Mr. Anandji Haridas was examined by the Tariff Board and one of the questions they asked him related to this question of the quality of standard and Continental steel, and what Mr. Anandji Haridas said was:

"Nobody would buy joists for building purposes without consulting his engineer. The engineer would say he wants a certain strength per foot which he cannot get out of Continental joists."

That is to say, that where you want standard steel, according to this big importer of Continental steel, you must, as the Tariff Board say, either buy steel made by the Tata Iron and Steel Co. or buy British steel. I do not for a moment wish to suggest to this House that you cannot get on the Continental standard steel. Of course you can. All I wish to say is that the Continental steel sold in this country is non-standard steel, and if it is sold with a certificate that it is of standard quality the general user of steel in this country has no means of knowing what the value of that certificate is. That is the statement of the Tariff Board, and that statement has been confirmed by the statement made to me by the Indian Stores Department that they have had to give up altogether buying Continental steel in this country certified to be of standard quality because they have had so many complaints from their consumers.

Now, Sir, we come back to our first point, that this scheme is in the economic interest of India because it does adjust the measure of protection required fairly to each class of consumer, the consumer of standard steel and the consumer of non-standard steel. It has been suggested, Mr. Chetty has said, that there is an objection to this scheme because it discriminates

by the country of origin. I have admitted that objection for all it is worth. At the same time the Tariff Board and the Central Board of Revenue, an expert body whom we have also consulted, inform us that there is no serious difficulty in the way of working this system of differentiation. The next objection taken to it—I am replying now to the debate that has been going on for the last two days—is that there is a possibility that British manufacturers will lower the quality of their steel in order to compete in the Indian market for non-standard steel on favourable terms.

Now, Sir, I should just like to explain to the House briefly what standard steel means. Standard steel as the term is ordinarily used in this country means steel up to British standard specification. There are a number of these specifications. They have been drawn up by the British Engineering Standards Association in consultation with representatives of users and manufacturers. There are different specifications for steel required for different purposes: specifications for steel required for building work, for steel required for bridges, for steel required for marine boilers, and so on. There is one feature common to all these specifications and that relates to the chemical composition of the steel. Also the steel in order to comply with these specifications has to pass certain mechanical tests; it has also to comply with certain rolling tests, and has to be made accurately to gauge. That is what is meant by standard steel. Now, why are these standard specifications drawn up? One reason is in order to secure safety of life and property. Probably the biggest experts in the world on this matter have met together. They have calculated certain strains and stresses, and have said that in order to bear those strains and stresses you must have steel of certain specification and standard. That is one reason. And the other reason for these specifications is by standardisation to secure economy in manufacture.

Now, as I said, it has been suggested that one of the objections to the scheme is that British manufacturers will definitely lower their standard in order to get the benefit of the lower duty in India. I am assured by expert evidence that there is not the slightest fear of that danger. In the first place, take your own industry. The Tata Iron and Steel Company make standard steel at Jamshedpur, standard steel according to exactly the same process as the British manufacturer, namely, the basic open-hearth steel. It does not use the basic Bessemer process which is often used in the Continent and is a less reliable process. It uses the same process as the British manufacturer. The Tata Iron and Steel Company sells part of its steel under a definite certificate from our Metallurgical Inspector at Jamshedpur as standard steel. It sells also a large proportion of its steel without that certificate. The steel is standard steel but is guaranteed to be such partly because the company does not want to go to the cost of putting that steel aside and getting a certificate from the Metallurgical Inspector. The steel sells at a cheaper rate. In spite of the fact that it has to sell a great part of its steel in competition with Continental non-standard steel, the Tata Iron and Steel Company has never lowered its standard of production. That point was particularly put to them by the Tariff Board. The point was put to Mr. Peterson, their main witness, and he was asked whether it would not pay them to make non-standard as well as standard steel, and Mr. Peterson's reply was that unless they switched off altogether to non-standard steel it would make very little difference in cost. The truth is that you cannot switch from standard to non-standard steel. You would have to alter your rolling programme.

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you would have to alter your melting programme; and you would not get that economy of manufacture which is one of the main objects of these approved standard specifications. Also I would just like to mention that for almost a generation British manufacturers have had preference in the Dominions, and that preference in the Dominions has never yet led the British manufacturer to lower his standard. The British manufacturer depends for his sales very largely upon the name and reputation of British steel, and the House may take it from me that there is not the slightest danger that in order to get the comparatively small market in India the British manufacturer would risk the reputation of British steel by lowering his standards. Moreover, if he were to do so what would happen? He would get a lower price, and at once our new clause 2 would come into force and the duty would be raised against him. I think, Sir, I have disposed of that objection. As for the difficulty of rejections, which Mr. Birla made so much of, Mr. Birla would never have heard of that difficulty if I myself had not brought it to notice. It is a fact that the British manufacturer has a small percentage of rejections: that is, steel which on test does not come up to British standard specification. But in any case the quantity is small. There is an outlet for steel of that kind in the United Kingdom. There is an outlet for steel of that kind in the Dominions; and though I admit that small quantities of rejections may come into India, yet I say that the quantity is so small that we need not take it seriously into account. Again, Sir, it was brought to notice by some Honourable Member that quantities of semi-finished material, beams, billets and so on, are brought into England from the Continent, and it was said, how can you be sure that your British steel will be standard specification steel if that steel is made in Britain from Continental material. The answer, Sir, is, that the British manufacturer sells to British standard specification. It is perfectly true that he does buy semi-finished material to some extent from the Continent, but if he does buy, he specifies the chemical composition of the steel and he takes measures to see that he gets it. In the same way the Railway Board and the London Stores Department, if we buy standard steel on the Continent, and we can buy it, have their own inspectors on the Continent who supervise not only the manufacture but also make the necessary test after manufacture.

Now, Sir, I think that I have dealt with what I consider to be the main objections brought against the Government scheme. I admit the objection that there is differentiation of the country of origin. I admit that there is practical inconvenience in that, but I say that the difficulties are not serious and can be easily surmounted. As regards the other objections brought against the scheme, I do not consider they exist at all. I admit only one difficulty, namely, that of differentiation of the country of origin.

Sir, what we have got to do now is to try and balance all the advantages of the one scheme and the advantages of the other and see which of the two schemes is more in the economic interest of India. Now, Sir, the first advantage I claim for the Government scheme over Mr. Chetty's scheme is that it keeps down the price of standard steel. Mr. Chetty has admitted that himself, and I need say no more about it except that I do desire to express once more the importance of that advantage, because, as the Tariff Board said, it is most unwise, if you are anxious for the industrial development of India, to do anything which is unnecessarily going to send up the price of standard steel. Now, Sir, the next advantage I claim for the Government scheme over that of my friend, Mr. Chetty, is

that a necessary consequence of the Government scheme is that we also keep down the duty on fabricated steel. Mr. Chetty's scheme involves the enhancement throughout of the duties on fabricated steel. The reason for that is, the Tariff Board tell us, that practically all the fabricated steel imported into this country comes from the United Kingdom. If therefore you differentiate in your rolled steel duties in favour of British steel, that means that you get away in respect of fabricated steel with a lower duty than you get if you are going for the weighted average system of duties. Take a concrete instance. The duty on fabricated sheets and plates under the Government scheme is 17 per cent. *ad valorem* subject to a minimum of Rs. 21 a ton. That is on British fabricated steel. Under Mr. Chetty's scheme the duty is 17 per cent. *ad valorem* plus an additional duty of Rs. 7. That is, on every ton of fabricated sheets and plates, under Mr. Chetty's scheme, you have got to pay Rs. 7 more in duty. Now the House may think that that is a small matter. But is it? I remember, Sir, when the first Steel Bill was being discussed in this House in 1924, there was a very distinguished Member of this Assembly who had been an ex-President of the Bombay Corporation and who tried very hard to get the House to lower the duty upon certain fabricated plates and steel which had been imported for the Bombay Corporation. I have just looked up the figures. I find that between 1923 and 1925 the Bombay Corporation imported 80,000 tons of fabricated steel plates. Now under Mr. Chetty's scheme the Bombay Corporation would pay 5½ lakhs more duty than the Bombay Corporation would pay on that amount of steel under the Government scheme. Now, Sir, I think that that is a rather striking fact, and it does show that if we pass the Government Bill, not only do we keep down the duty and therefore the price of standard steel but we are also keeping down the duty and therefore the price of fabricated steel. That is a very important matter, not only for the Indian Railways but also for every public body in this country which is engaging on a large programme of public works.

But, Sir, the great objection which has been brought against the Government Bill, the great advantage which has been claimed for Mr. Chetty's Bill, is that Mr. Chetty's Bill is more favourable to the consumer of non-standard steel. Now, Sir, I dispute that absolutely and from the beginning. What we have got to remember is that the Tata steel can only compete at present within a radius of some 300 or 400 miles from Jamshedpur. Now where the Tata steel can compete you have this position. The upper limit to which the price of non-standard steel can go is the price at which you can import British steel. That is the upper limit. But where Tatas can compete, that upper limit is of no value, because the actual price is regulated by competition between the Tata steel and the Continental steel which is imported. Practically, British steel does not come at all into this bazaar business. The competition is entirely between Continental steel and Tata steel. Now the value of Tata's steel to the country is that by the Tata steel being able to come in at any time, it is impossible or at any rate difficult for importers of Continental steel to form any sort of ring or combine, and therefore Tata's steel does operate as a very valuable regulator of prices. Now in those areas, that is, within a radius of 300 to 400 miles from Jamshedpur, which practically covers Calcutta and those areas, I am quite prepared to admit that the Government scheme would send up the price of bars by Rs. 2 per ton as compared with Mr. Chetty's scheme. But the greater part of India is outside the radius of Tata competition. I am referring to Karachi, Bombay, Madras and Rangoon. I have taken

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out the figures. I find that 74 per cent. of the bars which come into India, Continental bars, come in *via* those ports—Karachi, Bombay, Madras and Rangoon. Only 26 per cent. come in *via* Calcutta. Now where you are outside the range of effective competition by Tatas, the price of Continental steel, given just a little amount of combination among the importers, can rise, without difficulty, to a point just below the point at which British bars can come in. Now the Tariff Board took evidence from Mr. Anandji Haridas, the biggest importer of iron and steel in Calcutta, and they took evidence from the Bombay Iron Merchants' Association. Both firms sent in statements in the same form of the prices at which they were selling steel bars and other articles in certain months. I am taking the first three months of 1926. Those prices are the local wholesale prices, the prices at which the importer sells to bazaar dealers, to the man who peddles out the bars and so on; and the curious fact about it is that the prices in Bombay were on an average—I think I am correct in saying—Rs. 10 a ton higher than the prices in Calcutta. Mr. Anandji Haridas was asked why was that so. He said because they have got a strong Association in Bombay,—that is to say, you have got in Bombay a strong Association or combine of importers—the Bombay Iron Merchants' Association—and their aim is to keep up the price of these inferior Continental bars at a point just below the price at which the British bars can come in. No British bars come in at present to Bombay, but the price at which they could come in operates as the upper limit to which the price of the Continental bar can be forced. It is a very curious fact that in the first three months of 1926 the *c. i. f.* British price, according to the Tariff Board's Report, was Rs. 108 a ton and the duty on those British bars was Rs. 40 a ton; that is to say, you could import British bars into Bombay in those three months at an average of Rs. 148 a ton. And I find by examining the figures given, the statement given by the Bombay Iron Merchants' Association to the Tariff Board, that the average price at which the Bombay Iron Merchants' Association was selling Continental bars in those three months was Rs. 146, i.e., Rs. 2 below that price. It was put to me that that applied only to Bombay and that I must get evidence to show that the same thing was going on in other parts of the country. I wrote at once to one of the principal merchants in Madras

Mr. A. Rangaswami Iyengar: Are these prices wholesale or retail?

The Honourable Sir Charles Innes: Local wholesale prices at which the importer sells to the bazaar. As I was saying, when I was interrupted, I wrote to one of the principal merchants in Madras. I did not tell him what I wanted the information for. I merely sent him a blank form, the same form in which the Bombay Iron Merchants' Association had given their return to the Tariff Board. I asked him to go to the biggest importer of iron and steel in Madras and to get the prices at which iron and steel bars, angles, beams and plates were sold in Madras in the first three months of 1926; and, Sir, as I expected I found that it was much the same in Madras as it was in Bombay. The figures are so striking that I would just like to read them out. I think Mr. Jinnah has already given them, but they are so important that I should like to repeat them. In the first three months of 1926, the local wholesale prices of beams in Calcutta was Rs. 98 a ton in Calcutta. Rs. 180 in Bombay and Rs. 180 to Rs. 185 in Madras.

Angles—Calcutta price was Rs. 129, Bombay price was Rs. 149 and Madras price was Rs. 150 to Rs. 155.

Bars—Calcutta price was Rs. 186, Bombay price was Rs. 147, and Madras price was Rs. 140.

Plates—Calcutta price was Rs. 129, Bombay price was Rs. 142 and Madras price was Rs. 180.

Now, Sir, we have been told by Honourable Members opposite that Mr. Chetty's scheme by lowering the duty on Continental steel is going to do a lot for the consumer, and that the main objection to the Government scheme is that it is going to send up the price of Continental steel for the consumer. Sir, I deny it absolutely. Over the greater part of India the advantage of the Government scheme is that it is going to bring down the price of Continental non-standard steel for the consumer. I am quite prepared to admit that it is going to cut the profits of the middlemen; and that is why we have all these complaints from the Bombay Iron Merchants' Association. I have no quarrel with those gentlemen. I always take the view that the business man, the business firm, is entitled to get as big a price as it can get; but it is up to us to see that they do not make excessive profits; and if we can take action to prevent them making such excessive profits we ought to do it. I claim it as one of the advantages of the Government scheme; that by lowering the duty on British steel, you will not bring in one single ton more of British steel than you are doing at present, because in any case Continental steel will still beat it in price, and the man who buys this steel cares for nothing but the price. What you will do is that you will lower the price of Continental steel for the consumer throughout the greater part of India, and I defy anybody to meet my argument.

I think, Sir, I may claim that I have shown that the Government scheme is better for the consumer in respect of standard steel, that it is better for the consumer in respect of fabricated steel, and that it is better for the consumer over the greater part of India in respect of non-standard steel. I see Mr. S. Srinivasa Iyengar nod his head. I understand that the Honourable Member was once a professor of economics and I am quite sure he will get up and support me later. (*Mr. A. Rangaswami Iyengar*: "Was he ever a professor?")

Let me come now to the effect of the two schemes upon the Indian steel industry. The first objection to the weighted average system of duty is an objection that I took in my first speech. The weighted average system, which Mr. Chetty has proposed, is based upon an estimate of the probable sales of Tata steel against standard steel on the one hand and non-standard steel on the other. Let me take the example that I took in my first speech—structural sections: British steel comes in at c.i.f. price, Rs. 104; Continental steel price Rs. 86. The fair selling price for Indian steel is Rs. 100. Therefore you require a duty of Rs. 16 per ton on British steel and a duty of Rs. 34 per ton on Continental steel. Tata steel competes in the proportion of half and half with both; therefore you take the average duty midway between the two—Rs. 25 a ton. The whole contention whether that duty is going to be sufficient depends upon whether that proportion of sales is correct, whether as a matter of fact throughout the period of seven years, Tata steel sections do sell in the proportion of 50 against British steel and 50 against Continental steel. If your proportions go wrong, if Tatas are compelled to sell the greater portion of their sections against Continental steel, then they will get smaller prices than the Tariff Board contemplate, and they will not get their fair selling prices over their whole average production. Therefore, that is an objection against

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Mr Chetty's scheme, that it is based on an insecure and unsafe foundation, and to that extent is not in the interests of the steel industry which we are out to protect.

I can also claim another advantage for the Government scheme over Mr. Chetty's scheme, another advantage in the sense that it makes the position of the Steel Company more secure. I think the House realises that after all our main object in all this business is adequately to protect the Indian steel industry. Now, Sir, under the Government scheme, if British prices rise, the benefit goes to the Indian steel industry, because if British prices rise the duty is not reduced. For instance, assume that British prices of structural sections rise by Rs 6 a ton. I have already shown that the Iron and Steel Company sells 50 per cent of these sections in competition with British steel and 50 per cent in competition with Continental steel. British prices have gone up by Rs 6 a ton and so that gives the Iron and Steel Company an average benefit of Rs 3 a ton over the whole of its production. On the other hand, under Mr Chetty's scheme which proceeds on the basis of a basic duty *plus* an additional duty, if British prices rise to the extent of Rs 6 a ton and Continental prices do not rise, it will be necessary to lower the additional duty by Rs 3 a ton; that is to say, the Iron and Steel industry will get no benefit at all.

Now, I think, Sir, I may summarise. I think I have shown that the only one real objection which has been taken to the Government scheme is the objection that it does differentiate by country of origin. I have said that I admit that objection. At the same time I have pointed out that both on the authority of the Tariff Board and on the authority of the Central Board of Revenue we need anticipate no serious difficulty in working the scheme. On the other hand, I claim to have shown that the Government scheme is better, that it has the following advantages over the weighted average system of duty, it is favourable to the consumer of standard steel, it is favourable to the consumer of fabricated steel; it is favourable to the consumer of non-standard steel over the greater part of India, and it is more favourable to the Tata Iron and Steel Company.

Now, Sir, let us get back to my original position. I have said at the beginning let us decide this question purely as an economic question. Let us decide it on the balance of advantages. I ask this House to do so after having heard Mr Chetty's speech and after hearing my speech, which of the two schemes is more consistent with the welfare of India, which of the two schemes is more in the economic interests of India. If the House will only come to a clear and unprejudiced decision, I am sure they will come down in favour of the Government scheme and hence, Sir, I oppose the amendment.

Mr. President: Before I adjourn the House, I should like to know from the Honourable the Home Member whether he has any statement to make regarding the further course of this Bill.

The Honourable Sir Alexander Muddiman (Home Member) With reference to to-day, Sir?

Mr. President: The House is going to be adjourned at this stage.

The Honourable Sir Alexander Muddiman: May I have a consultation with my Honourable colleague?

[After consulting the Honourable Sir Charles Innes, the Honourable Sir Alexander Muddiman said]

Sir, in this matter I should be very glad to consult the convenience of the House. It would be more convenient for Government to continue this discussion on Friday, which is a day for Government business. If that is the wish of the House, I will leave it to them; but if the House has any preference over Friday to Saturday, then, Sir, I am quite prepared to take it on Saturday.

Several Honourable Members: Friday would be all right

The Assembly then adjourned till Eleven of the Clock on Friday, the 18th February, 1927.

LEGISLATIVE ASSEMBLY.

Friday, 18th February, 1927.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

ABUSE OF OPIUM.

469. ***Mr. C. Duraiswamy Aiyangar:** (a) Will Government be pleased to state the acreage of cultivation of opium during the years 1924-25-26?

(b) Have the Calcutta auctions for export of opium been discontinued totally and if so, from what date?

(c) Is it a fact that in several parts of India opium is administered to children and babies by their mothers when the latter have to work in factories or fields? If so, have Government taken any steps to put an end to that practice by legislation or otherwise?

(d) Will Government be pleased to state the number of shops licensed to sell opium during the years 1920-26?

(e) Is it true that in some parts of this country ceremonial occasions—social and religious—demand the use of opium? If so, which are those parts, which are the communities and what are the purposes?

(f) Does the practice of smoking opium prevail in India? Have Government taken any steps to put an end to it by legislation?

(g) Do Government intend to introduce any legislative measure in the Central Legislature to control the abuse of opium so as to make it applicable to the whole of British India?

The Honourable Sir Basil Blackett: (a) The area cultivated in British India during the 3 years 1923-24 to 1925-26 was in round figures acres 133,000, 114,000 and 73,000.

(b) Yes; with effect from the 7th April, 1926.

(c) Yes. The Government recently consulted all Local Governments in regard to the measures to be taken to suppress this practice. There was a general consensus of opinion that it could not be dealt with by legislation, but only by health and welfare propaganda and similar educative measures. A Committee appointed by the Bombay Corporation came to the same conclusion.

(d) The number of shops was as follows:

1920-21	.	.	.	.	.	.	.	.	.	6,288
1921-22	.	.	.	.	.	.	.	.	.	6,185
1922-23	.	.	.	.	.	.	.	.	.	6,037
1923-24	.	.	.	.	.	.	.	.	.	6,030
1924-25	.	.	.	.	.	.	.	.	.	5,951

The Government have not yet received figures for the year 1925-26.

(e) The Honourable Member is referred to the Report of the Royal Commission on Opium (particularly paragraphs 60 and 109) and the minutes of evidence appended to it. The Government have no detailed recent information on the subject, but from the evidence appended to the Rev W. Paton's pamphlet "Opium in India", published in 1924, and from a statement made by Mr (now Sir Lallubhai) Samaldas speaking in the Council of State on March 4th, 1925, it appears that in Gujarat and Kathiawar, and among Rajputs and allied races opium is still used on important social and ceremonial occasions.

(f) Yes; to some small extent—principally in Burma and Assam and wherever Chinese are numerous. Smoking in company has been prohibited by Legislation in the Punjab, Delhi, the North-West Frontier Province and the United Provinces. It is proposed to prohibit it in Baluchistan and in Bihar and Orissa and Bengal. In the two Provinces last mentioned the introduction of registration and rationing is also under contemplation. Such a system is already in force in Burma. The Government of Assam now propose to introduce a Bill prohibiting opium smoking altogether. Registration is already in force in that Province. The Government of Madras also propose to undertake legislation prohibiting opium smoking altogether; and the Government of Bombay propose to prohibit absolutely the possession of *chandu*. The Government of the Central Provinces introduced a Bill to prohibit opium smoking in company but it was thrown out by the Swarajists in the local Legislative Council in 1924.

(g) No. The control of the opium traffic in the Provinces is the concern of the Local Governments.

CONTRIBUTIONS OF INDIA, GREAT BRITAIN, AUSTRALIA, CANADA AND
SOUTH AFRICA TO THE LEAGUE OF NATIONS.

470. **Mr. O. Duraishwamy Aiyangar:** (a) What is the contribution of India to the League of Nations?

(b) On what basis was the contribution fixed?

(c) What is the contribution made by Great Britain, Australia, Canada and South Africa?

(d) Has any part of British Empire except India been sending as delegates persons not belonging to the particular State?

Mr. L. Graham: (a) For 1927 the contribution is fixed at 1,852,405.08 Gold Francs.

(b) On the basis explained in the Report of the Fourth Committee to the Sixth Assembly which the Honourable Member will find in Appendix II, Annexure XIII, to the Final Report of the Delegates of India to that Assembly.

(c) Great Britain 2,555,759.43 Gold Francs; Australia 652,052.42 Gold Francs; Canada. 845,253.13 Gold Francs; South Africa 362,251.84 Gold Francs.

(d) It is assumed that by the expression "not belonging to the particular State" the Honourable Member means "not domiciled in the particular State". The answer to this part is that from the list of the delegates set out in Appendix I to the Final Report for the year 1926 it is not possible to say whether all the delegates of any particular member

of the British Empire were domiciled in the State of which they were delegates. On this point Government have no other source of information.

Mr. Ohaman Lall: Is it not a fact that among the delegates who were sent some were not Indians? Is not that what is meant in part (d)?

Mr. L. Graham: It is not my understanding of part (d).

Mr. Ohaman Lall: Is it not a fact that some of the delegates were not Indians?

Mr. L. Graham: Certainly, but the question related to other parts of the Empire.

Mr. Ohaman Lall: Will the Honourable Member say what justification there is for India being made to pay so much whereas the other Dominions do not contribute so much?

Mr. L. Graham: I do not quite see how that arises out of the question.

Mr. President: The question arises from the answers just given by the Honourable Member.

Mr. L. Graham: The justification will be found in the Report to which I have referred the Honourable Member. The Report is one of considerable length and I should not like to try to summarise it in reply to a supplementary question.

NUMBER OF INDIANS EMPLOYED IN THE SECRETARIAT OF THE LEAGUE OF NATIONS AND THE INTERNATIONAL LABOUR OFFICE.

471. ***Mr. C Duraiswamy Aiyangar:** (a) How many Indians are now employed in the League Secretariat and the International Labour office?

(b) What are the posts so held and what are the salaries, passage-pay and allowances of those employees?

(c) Is it a fact that some posts are exclusively reserved for persons of English and French-speaking countries?

Mr. L. Graham: (a) Two in the League Secretariat and two in the International Labour Office: the incumbent of one post in the latter is temporary.

(b) (1) A Member of Section B in the Economic and Financial Section of the Secretariat on a salary of 15,800 Francs.

(2) A post in the Legal Adviser's Section of the Secretariat. The salary is not known.

(3) A Member of Section B of the Execution of Conventions Group in the Labour Office on an annual salary of 19,900 Francs.

(4) A temporary post in the Labour Office for a special enquiry into Asiatic Labour. The salary is not known.

The Government of India have no information regarding the passage allowances, if any, granted to the above officials.

(c) The Government of India are not aware of this but they will make enquiries and will communicate the result to the Honourable Member.

Mr. B. K. Shanmukham Oshetty: Is it not a fact that the Delegation that represented India on the League of Nations brought to the notice of the League of Assembly the necessity of giving more appointments to Indians on the League Secretariat?

Mr. L. Graham: Yes.

Mr. R. K. Shanmukham Chetty: And have the Government of India taken any steps to induce the League Secretariat to give effect to that representation of the Indian Delegation?

Mr. L. Graham: The Government of India took steps through their delegates.

Mr. R. K. Shanmukham Chetty: Has any result been achieved as a result of that representation?

Mr. L. Graham: I think the figures that I have given show that some results have been achieved.

Mr. N. M. Joshi: May I ask whether the Government of India will write again to the Secretariat of the League of Nations as well as to the Labour Office to appoint more Indians?

The Honourable Sir Bhupendra Nath Mitra: The Government of India at the present moment are in communication with the Labour Office on the subject.

Mr. C. Duraiswamy Aiyangar: Are the Government of India aware that these 2 posts or 4 posts are out of a total number of 351 posts?

Mr. L. Graham: Yes. But does the Honourable Member know how many nations are Members of the League?

Mr. R. K. Shanmukham Chetty: Are the Government aware of the fact that certain citizens of the United States of America are appointed to the League Secretariat though the United States is not a Member of the League of Nations?

Mr. L. Graham: I think the Honourable Member is correct in that statement. But the Government of India do not make the appointments.

Mr. Chaman Lall: May I ask if the representation of Indians on the League Secretariat is in proportion to the contribution of India to the League of Nations?

Mr. L. Graham: The answer to that question would require some mathematical calculations and I am not prepared to answer it at the moment.

Lala Lajpat Rai: May I ask if the States that are represented in the International Labour Conference are allowed national correspondents in their different countries, who are paid by the League of Nations, and whether there are any such national correspondents for India?

The Honourable Sir Bhupendra Nath Mitra: That matter is under correspondence with the Labour Office.

Lala Lajpat Rai: How long is it likely to be under correspondence?

The Honourable Sir Bhupendra Nath Mitra: It is difficult for me to say precisely when a conclusion will be reached. But I do not think the Honourable Member will have to wait long to know the result of the correspondence.

Sir Hari Singh Gour: May I know for how long it has been under correspondence?

The Honourable Sir Bhupendra Nath Mitra: I should like to have notice of that question. I do not precisely remember at the moment for how many years or months that matter has been under correspondence.

Mr. A. Rangaswami Iyengar: May I know whether the Government of India have themselves made specific proposals in this behalf?

The Honourable Sir Bhupendra Nath Mitra: It is for the Labour Office, Sir, to make specific proposals but the Government of India have placed their views before the Labour Office.

Mr. M. R. Jayakar: Will the Government of India consider the advisability of reducing the amount of their contribution if their proposals are not acceded to?

The Honourable Sir Basil Blackett: That, I think, is a hypothetical question.

Mr. R. K. Shanmukham Chetty: Is it not a fact that a representation in this behalf was made by the Indian delegate as far back as four years ago?

The Honourable Sir Bhupendra Nath Mitra: Well, Sir, I have no recollection on that subject. I have already told another gentleman in the House that if he wants precise information on the subject I must require notice of that question.

Mr. C. Duraiswamy Aiyangar: Supplementary question, Sir . . .

Mr. President: The Honourable Member will proceed to the next question.

ESTABLISHMENT IN INDIA OF AN INFORMATION OFFICE OF THE LEAGUE OF NATIONS.

472 ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that Sir A. C. Chatterjee has proposed the inauguration in India of an Information office of the League?

(b) If so, what is the purpose and function of that office?

(c) Will the expenses be borne by the League or will it be an additional expenditure on India?

(d) Have the Government of India been consulted in the matter? If so, will the Government be pleased to state the views of this Government as communicated by them.

Mr. L. Graham: (a) and (b) -The Honourable Member is referred to paragraph 28 (c) of the Interim Report of the Delegation of India to the Sixth Session of the Assembly of the League of Nations and to paragraph 41 of the Final Report of the Delegates of India at the Seventh Session of the Assembly of the League of Nations which contain all the information in the possession of the Government of India regarding this proposal.

(c) The expenses will presumably be borne by the League.

(d) The Government of India have not been consulted.

IMPORTATION OF DANGEROUS DRUGS.

473. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that before the Advisory Opium Committee, Geneva, Sir John Campbell recently declared that "41 times the legitimate consumption of narcotics was being introduced into India by illicit traffic. The situation was appalling in the Far East. The Government were responsible, because they had not carried out their definite obligations to limit the manufacture to medical purposes"?

(b) If the answer to the above be in the affirmative, what steps have the Government taken, or propose to take to stop the introduction of narcotics into India by illicit traffic, and to limit their manufacture to medical purposes?

The Honourable Sir Basil Blackett: (a) The Honourable Member's attention is invited to the communiqué issued by the Government of India on this subject on February 3rd, a copy of which is laid on the table. It was there explained that what Sir J. Campbell said was that the Governments of certain countries in which cocaine and other dangerous drugs are manufactured had not fulfilled the obligation referred to.

(b) The importation of dangerous drugs into India is already subject to the strictest control, but owing to their small bulk and high value, preventive measures alone are insufficient to check the traffic which is the point made by Sir John Campbell. The manufacture of dangerous drugs in India is not allowed except at the Government factory at Ghazipur and is strictly confined to medical purposes. Cocaine is not made in India.

Communiqué by the Central Board of Revenue, dated New Delhi, the 3rd February 1927.

A Reuter's telegram from Geneva, dated February 1st, referring to some remarks of Sir John Campbell, the official representative of India at the meeting of the Opium Advisory Committee of the League of Nations, is liable to be misunderstood, and has in fact been misinterpreted in some quarters already, as though it stated that Sir John Campbell had criticised the Government of India for not fulfilling their obligation to limit the manufacture of drugs, including apparently Opium to the amount required for medical and scientific purposes, and thereby stimulating the illicit import of drugs into India. Prepared Opium is not manufactured by the Government, nor is its sale permitted in India. The manufacture of drugs prepared from Opium and medicinal Opium is strictly limited in India in accordance with the Government's international undertakings. No cocaine is manufactured in India. Excessive production of drugs in India, if such existed, so far from stimulating illicit imports into India, would have the opposite effect.

What Sir John Campbell evidently said was not that "The Government" (of India) "were responsible", but that "the Governments were responsible", meaning the Governments of certain countries in which cocaine and other drugs are manufactured of which there is no legitimate use apart from their medicinal and scientific uses. He was thus simply reaffirming the position previously taken up at Geneva by the representatives of Great Britain and India. His remarks can have had no reference to the Government of India.

Sir Hari Singh Gour: May I inquire if China has carried out her pledge as regards the Opium Convention?

The Honourable Sir Basil Blackett: I think the Honourable Member had better address that question to the Government of China.

GRIEVANCES OF INDIANS IN EAST AFRICA.

474. ***Mr. Gaya Prasad Singh:** (a) Has the attention of Government been drawn to the following Resolution passed by the East Africa, Indian National Congress which was held at Mombassa in December last:

"This Congress records its strong protest against the policy of segregation in Township areas intended to be adopted by the Government, by trying to reserve the light house areas in Mombassa Townships as European Residential areas, and particularly by restricting the proposed sale of 29 plots in the said area to Europeans only, which step is a negation of the non-segregation policy laid down by His Majesty's Government in the White Paper of July, 1923."

.. (b) What are the actual facts of the case, and what steps have Government taken, or propose to take in this matter?

Mr. J. W. Bhore: (a) Yes.

(b) The Honourable Member is referred to my reply to his question No. 65 of the 31st January. I am not in a position at present to make any further statement in the matter.

ALLEGED SHORTAGE OF TIMBER ON THE SOUTH INDIAN RAILWAY.

475. ***Mr. A. Rangaswami Iyengar:** Will Government be pleased to state:

(a) whether the inquiry in regard to the huge shortage of timber revealed during the stock verification of the South Indian Railway Company in 1924 has been completed and if so, whether any report as to the persons responsible for the irregularity and fraud perpetrated was received by the Railway Board and whether any disciplinary action has been taken by the Company or the Railway Board in regard to the person or persons responsible?

(b) whether they will place the report on the table or furnish particulars of the irregularities and losses involved and the action taken to recoup the loss and punish the delinquents?

(c) whether the Government have made any inquiries as to any and if so what extent of responsibility any officer or officers of the Railway Company bore in respect of these shortages?

Mr. A. A. L. Parsons: (a), (b) and (c). The enquiry into the alleged shortage has been completed. It has shown that the difference between the actual stocks held and the book balances was almost entirely due to defects in the system of issues, accounting and stock verification. It was also the result of inadequate accommodation in the Nagapatam Workshops. The greater part of the difference has been definitely accounted for and it has not been possible to prove that any part of it was due to theft or fraud. The Railway Board have expressed to the South Indian Railway Administration their grave disapproval of the conduct of affairs on that line in the matter and steps have been taken to remedy the defects in system. The disability as regards accommodation will be removed with the opening of the new Workshops at Trichinopoly.

A preliminary report of the facts of the case will be found in paragraph 65 of the Audit Report of the Accountant General, Railways, on the accounts for 1924-25 which has already been dealt with by the Public Accounts Committee and a final report is contained in the Accountant General, Railways' Audit Report on the accounts for 1925-26 which will be considered by the Public Accounts Committee in due course.

CIVILIAN APPRENTICE STORE-HOLDERS IN INDIAN ARSENALS.

476. ***Mr. A. Rangaswami Iyengar:** Will Government be pleased to state the steps that were taken to give effect to the proposal of appointing civilian apprentice store-holders in the Army Department in the various arsenals in India and to state whether any inquiry has been recently started for the purpose of discontinuing this system? Do Government propose to give the House an opportunity of discussing this subject before taking a final decision as to the discontinuance of the system?

Mr. G. M. Young: Twenty civilian apprentice store-holders were appointed in February, 1924, out of 58 candidates who applied. The proposal was originally sanctioned for one year, but at the end of that time (as was stated in reply to a question asked in this House on the 9th September, 1925), it was extended for another year, which expired on 31st October, 1926. The question of going on with the proposal was then very carefully examined, and the apprentice store-holders were given provisionally a month's notice of discharge in case Government should decide to abandon the experiment of civilian store-holders in Arsenals. These notices were subsequently cancelled and those individuals who have proved efficient are being retained in service. For the future Government do not propose to close the door to civilian recruitment to these posts if suitable candidates are forthcoming. The last part of the Honourable Member's question therefore does not arise. I would invite his attention to a statement made in answer to a question on this subject in another place by His Excellency the Commander-in-Chief on the 8th February. The statement gives a very full account of the experiment and of the reasons why it has not proved a success so far.

PROVINCIAL LOANS FUND.

477. ***Mr. A. Rangaswami Iyengar:** Will Government be pleased to make a statement as to the present position of the Provincial Loans Fund and the extent to which Provincial Governments have availed themselves of the scheme of that fund?

The Honourable Sir Basil Blackett: The annual Administration Report of the Provincial Loans Fund, which is under preparation, will shortly be published in the Gazette of India. I shall be happy to send a copy to the Honourable Member as soon as it is published.

SEPARATION OF AUDIT FROM ACCOUNTS.

478. ***Mr. A. Rangaswami Iyengar:** Will Government be pleased to state what progress has been made in the scheme of separation of audit from accounts and whether any scheme for the separation of provincial resources, accounts and balances from the Central accounts is being examined or put into operation?

The Honourable Sir Basil Blackett: A scheme of complete separation of audit from accounts has been in force in the United Provinces from the 1st April, 1926, while experiments in the same direction as regards the accounts of the Central Government are also in progress in Calcutta, Bangalore, Delhi, Public Works Department and Delhi Civil Administration. Another experimental office will be opened shortly in Delhi in order to take over the payments of the Secretariat and other headquarters establishments. The question of separating accounts from audit in the departments under the Central Board of Revenue is also being investigated.

2. In the Railway Department, following the Resolution adopted by the Legislative Assembly on the 15th September, 1925, a scheme was introduced on the East Indian Railway as an experimental measure on 1st December, 1925, whereby the accounts were separated from audit, the former being under the control of the Financial Commissioner, Railways,

the Auditor General remaining responsible for audit. In the new Clearing Accounts Office that has recently been started as a measure of simplification of freight accounts between railways, a similar organisation has been adopted as an experiment.

8. Reports hitherto received from the United Provinces and elsewhere have been favourable; but the Auditor General will not be in a position to report on the main experiments till about September, when the accounts for the current year will be practically closed. In the meantime, the details of a scheme for the separation of provincial accounts and balances are being examined with a view to putting it tentatively into operation in the United Provinces, if the report of the Auditor General on the question of separation of accounts from audit in those provinces should prove favourable.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether, when any scheme has been definitely matured in regard to the separation of audit from accounts both in the Central and Provincial accounts, the matter will be placed before the Public Accounts Committee for examination and report?

The Honourable Sir Basil Blackett: I have no doubt the matter will be brought before the Public Accounts Committee.

LATRINE: IN INTERMEDIATE CLASS COMPARTMENTS ON THE NORTH WESTERN RAILWAY.

479. ***Mr. Mukhtar Singh:** Has the attention of the Government been drawn to the fact that the latrines provided generally in the North-Western Railway's intermediate class are designed for Europeans and they are quite unsuitable for the Indian passengers who mostly travel in these compartments? If the answer be in the affirmative, do Government propose to reconstruct all such latrines in such a way that they may be conveniently used by the Indian passengers?

Mr. A. A. L. Parsons: The facts are not as stated. Bogie intermediate and intermediate and third class carriages generally on the North Western Railway are each provided with 8 latrines suitable for Indians and 1 latrine for Europeans and Anglo-Indians.

Further there are 296 vehicles, the intermediate class latrines of which are suitable for Indians only.

LEAKY LATRINES IN THE INTERMEDIATE CLASS COMPARTMENTS.

480. ***Mr. Mukhtar Singh:** Has the attention of the Government been drawn to the fact that in most of the intermediate class carriages the pipe connections of the latrines are leaky and water spreads badly specially in compartments to which latrines of the European style are attached? Do Government propose to remove this existing grievance?

Mr. A. A. L. Parsons: I am not sure to what Railway the Honourable Member is referring. If he will bring his complaint directly to the notice of the Agent, I am sure that the matter will be looked into.

PROTECTION TO THE BOLTS AND NUTS INDUSTRY.

481. ***Mr. Mukhtar Singh:** Has the attention of the Government been drawn to the fact that the bolts and nuts industry of India has been hit

hard by raising the duty on steel without raising the duty on the importation of nuts and bolts? If so, will the Government be pleased to state the necessary steps that they are contemplating in helping this infant industry? If not are Government prepared to make the necessary inquiries in this connection and to take necessary steps to help the industry?

The Honourable Sir Charles Innes: The Honourable Member is referred to paragraphs 4 and 5 of the Tariff Board's Report on the continuance of protection to the steel industry, a copy of which has been supplied to him. The Board will consider the applications made for the grant of protection to the manufacture of bolts and nuts in the course of their enquiry regarding the continuance of protection to the manufacture of wire and wire-nails. I may add that that enquiry into wire and wire-nails is going on now.

PREVENTION OF BURGLARIES AT STATIONS ON THE SOUTH INDIAN AND THE MADRAS AND SOUTHERN MAHRATTA RAILWAYS.

482. ***Mr. B. P. Naidu:** (a) Has the attention of the Government been drawn to an article entitled "Safety of Station Staff" at page 217 of the Indian Railway Magazine?

(b) Is it a fact that burglaries from the cash chest of the railway station have been reported from St. Thomas Mount, Conjeevaram and some other stations on the South Indian Railway and also on the Madras and Southern Mahratta Railway?

(c) What steps do Government propose to take in the matter?

Mr. A. A. L. Parsons: (a) Yes.

(b) No report to this effect has been received by Government.

(c) Government have no action in contemplation. The matter is within the competence of Agents.

DEPUTY TRANSPORTATION SUPERINTENDENT (TRACTION), GREAT INDIAN PENINSULA RAILWAY.

483. ***Mr. B. P. Naidu:** (a) Will Government be pleased to state if it is a fact that, in inviting applications for appointment of a Deputy Transportation Superintendent (Traction) on the Great Indian Peninsula Railway, one of the qualifications is stated to be that candidates must be "European" British subjects?

(b) If so, why has this qualification been insisted upon?

The Honourable Sir Charles Innes: Under the new policy of recruitment and Indianisation of the superior services a major proportion of the recruitment to these services has now to be made in India from persons of Indian domicile, and recruitment in England is restricted to persons of non-Asiatic domicile. This explains the terms of the advertisement to which the Honourable Member refers. As an exception to the general policy it has been decided that for specialist posts candidates of Indian domicile will be eligible for recruitment in England also.

Mr. A. Rangaswami Ayengar: May I know, Sir, by what authority Government have adopted the policy that in respect of recruitment in England persons of non-Asiatic domicile should be preferred to persons of Asiatic domicile?

The Honourable Sir Charles Innes: I may say, Sir, that our recruitment scheme was discussed and approved by the Central Advisory Council.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether in regard to the Lee Commission's proposals for recruitment for the all-India services generally any such restriction has been imposed?

The Honourable Sir Charles Innes: I do not know.

TRAINING OF INDIANS ABROAD IN RAILWAY PRACTICE AND MANAGEMENT.

484. ***Mr. B. P. Naidu:** Will Government be pleased to state whether they intend to send Indians for training in railway practice and management to foreign countries in such subjects for which there are no suitable facilities in India?

The Honourable Sir Charles Innes: Under the scheme of recruitment for the Transportation (Power) and Mechanical Engineering Departments of State Railways, provision has been made for the training in the United Kingdom, for two years, of special apprentices recruited in India. The regulations for recruitment for these Departments were published in the Gazette of India of the 17th July, 1926.

In connection with the schemes of recruitment for the Electrical Engineering and Signal Engineering Departments the question whether recruits obtained in India should be sent to the United Kingdom for training is now under consideration.

Lieut.-Colonel H. A. J. Gidney: May I ask the Honourable Member if he will kindly inform me whether Anglo-Indians have been included in this scheme of training in England?

The Honourable Sir Charles Innes: We treat Anglo-Indians, Sir, as statutory Indians.

Lieut.-Colonel H. A. J. Gidney: May I ask the Honourable Member if he will abide by that classification in future questions and schemes also?

USE OF STEEL IN THE CONSTRUCTION OF STATIONS ON THE SHORANUR-NILAMBUR SECTION OF THE SOUTH INDIAN RAILWAY.

485. ***Mr. B. P. Naidu:** Will Government be pleased to state:-

- (a) If it is a fact that the South Indian Railway has ordered steel joists, doors, and window frames from England for their stations now being constructed on the Shoranur-Nilambur line and for other constructions as well?
- (b) Whether any other Railways are using steel in place of timber in the construction of buildings?
- (c) Whether there have been any complaints by Government engineers or railway engineers that teak was not satisfactory for buildings?
- (d) If no such complaints have been made, whether the Government are prepared to instruct Railways to use teak instead of steel doors, etc., in a hot country like India?
- (e) Is it not a fact that employees on the South Indian Railway are already complaining that the use of Mangalore tiles for roofing, without flat tiles underneath them, are making houses too hot?

Mr. A. A. L. Parsons: The information is being obtained and will be communicated to the Honourable Member when received.

JUDGMENT OF THE ALLAHABAD HIGH COURT REGARDING THE OBLIGATION ON RAILWAYS TO LOCK WAGONS WHILE CARRYING GOODS.

486. ***Mr. B. P. Naidu:** (a) Has the attention of Government been drawn to a decision of the Allahabad High Court reported at page 369 of 1926, Allahabad in the All-India Reporter, where the High Court say that it is the duty of the Railways to lock the wagons while carrying goods?

(b) Do Government propose to issue instructions to Railway Companies to lock their wagons in future?

Mr. A. A. L. Parsons: (a) Government have seen the judgment referred to. Out of a full bench of five Judges one Judge alone expressed the opinion that there was an obligation on railways to lock wagons while carrying goods.

(b) The answer is in the negative.

CONSULTING ENGINEER TO THE GOVERNMENT OF INDIA IN ENGLAND.

487. ***Mr. K. C. Neogy:** Is there a post entitled "Consulting Engineer to the Government of India" in England? If so, when was the post created, who is the present holder of the said post and what are his duties? When was the present contract with him made, and when is it due to expire?

EXPIRY OF THE CONTRACT WITH MESSRS. RENDEL PALMER AND TRITTON.

488. ***Mr. K. C. Neogy:** (a) When is the contract with Messrs. Rendel Palmer and Tritton due to expire?

(b) Are any portions of the annual retainer of this firm specifically allocated to purely railway work, and to structural and other civil engineering works, respectively?

The Honourable Sir Bhupendra Nath Mitra: With your permission, Sir, I should like to reply to questions Nos. 487 and 488 together.

The attention of the Honourable Member is invited to pages 69-70 and appendices I and II of the proceedings of the Standing Finance Committee dated the 17th August 1925.

The answer to part (b) of question No. 488 is in the negative.

APPOINTMENT OF AN INDIAN AS CONSULTING ENGINEER TO THE GOVERNMENT OF INDIA IN ENGLAND.

489. ***Mr. K. C. Neogy:** Have Government received any application from any qualified Indian Engineer for appointment as Consulting Engineer in England? If so, with what result?

The Honourable Sir Bhupendra Nath Mitra: The Government of India have received one such application from Dr. B. N. Dey, which has been forwarded to the High Commissioner for India for consideration.

Mr. K. C. Neogy: What decision have Government arrived at on that application?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will kindly refer to my reply he will see that the Government of India have not yet come to any decision.

DISCONTINUANCE OF THE PRACTICE OF READERS IN THE POST OFFICES SIGNING AS ESCORTS TO POSTMEN.

490. ***Mr. N. M. Joshi:** Are Government aware that readers in the Post Offices in the Bombay City are made to sign as an escort to one or more postmen, when the amount of money orders entrusted to a postman exceeds the prescribed limit, but they are not actually allowed to escort but are detained in the Post Offices to attend to other duties? If so, do Government propose to discontinue this practice on the ground that it involves the readers in monetary responsibilities which they cannot carry out?

The Honourable Sir Bhupendra Nath Mitra: Yes. The practice is being discontinued.

CASUAL LEAVE OF POSTMEN AND MENIALS IN POST OFFICES.

491. ***Mr. N. M. Joshi:** Are Government aware that postmen and menials in Post Offices where their number exceeds 4, are not given casual leave unless they themselves bring a substitute and pay him out of their own pay? If so, do Government propose to make provision for paid substitutes in their casual leave vacancies as they have done in case of those Post Offices where their number does not exceed 4?

The Honourable Sir Bhupendra Nath Mitra: The answer to the first part of the question is in the negative. The second part does not arise.

PRINCIPLE FOLLOWED IN FIXING THE PAY OF PERMANENT INCUMBENTS WHEN A REVISION OF TIME-SCALE IS SANCTIONED.

492. ***Mr. N. M. Joshi:** When any revision of time-scale is sanctioned, what principle is followed by Government in fixing the pay of permanent incumbents? If "point to point" principle is not followed, do Government propose to make any provision for those who do not reach their maximum of time-scale with 20 years' service?

The Honourable Sir Basil Blackett: The ordinary rules are laid down in Fundamental Rules 22 and 23. The Government do not propose to issue any other rules on the subject.

INCREASE OF POSTMEN IN POST OFFICES IN THE NORTH BOMBAY ISLAND.

493. ***Mr. N. M. Joshi:** Will Government be pleased to state what things are taken into consideration in fixing the time-test postmen? When was the number of postmen last fixed according to this test in the Bombay G. P. O. and its town sub-offices? Is it a fact that in some of the vastly developed areas of the North Bombay island there is no increase in the staff of postmen commensurate with the increase in the volume of the post office business?

The Honourable Sir Bhupendra Nath Mitra: With respect to the first part, the Honourable Member's attention is invited to the remarks made against item 14 of Part II of the Statement of Grievances which was

laid on the table of the Legislative Assembly on the 4th March 1926. The second part does not arise. The case is not as stated in the third part.

RECOVERY OF SUBSCRIPTIONS FROM MEMBERS OF THE CUSTOMS SERVICE ASSOCIATION.

494. ***Mr. N. M. Joshi:** (a) Are Government aware that consequent on the withdrawal of recognition the recovery of subscriptions from members of the Customs Service Association through the deduction book has now been stopped by the order of the Collector of Customs, Calcutta?

(b) Is it true that deductions for picnics, entertainments, recovery of cost of sports gear supplied by firms to Preventive Officers are made at their request and disbursed through that book?

(c) If such be the case will Government be pleased to state what objection there is to the Association subscriptions being dealt with in a similar manner?

The Honourable Sir Basil Blackett: (a) The Government of India understand that on the withdrawal of recognition from the Customs Service Association the Collector of Customs decided that members must thereafter make their own arrangements for the payment of subscriptions to it.

(b) Only such payments as are due from members to a recognised institution are made in the manner referred to.

(c) The Government of India agree with the Collector of Customs that the services of a Government employee should not be utilised in working hours to collect money for an unrecognised institution.

DEFINITION OF "DEPARTMENTAL ENQUIRY" IN THE CASE OF GOVERNMENT SERVANTS APPOINTED ON STATE RAILWAYS.

495. ***Lieut.-Colonel H. A. J. Gidney:** 1. Does the Government of India Order No. F-472/11/28 operate on Government servants appointed on Indian State Railways? If so:

(a) what constitutes a properly recorded departmental inquiry;

(b) what does a departmental inquiry actually mean; and

(c) is it the intention of Government that the inquiry shall be conducted by officers who have already charged and condemned the 'accused' to the higher authorities, and are therefore both the accusers and judge?

2. Has the accused any right to demand a copy of the records of such an inquiry and the finding arrived at by the officers holding it, and is it in order to refuse to furnish him with a copy?

3. Are Government aware that such incidents are not of uncommon occurrence in the administration of various Indian State Railways?

The Honourable Sir Charles Innes: 1. The rules referred to by the Honourable Member apply to officers under the administrative control of Local Governments and not to those under the Government of India.

2 and 3. Do not arise.

DISMISSALS ON THE EAST INDIAN AND THE GREAT INDIAN
PENINSULA RAILWAYS.

496. *Lieut.-Colonel H. A. J. Gidney: (a) Are Government aware of the fact that on both the East Indian and Great Indian Peninsula Railways, which are State Railways, men have been dismissed without the provisions of the Government of India orders on the subject being observed and that the Railway Board refuses to interfere in such cases?

(b) Is it a fact that on the East Indian Railway, besides the Agent, the Divisional Superintendents now have the independent power of dismissing its employees?

(c) Will Government state how many appeals from men so dismissed have been received by the Agents of the East Indian and Great Indian Peninsula Railways since these Railways came under State management, and in how many cases, if any, these Agents have upheld these appeals, and modified or reversed the orders and judgments passed by their junior officers?

The Honourable Sir Charles Innes: (a) Government are not aware that the facts are as stated.

(b) Divisional Superintendents on the East Indian Railway as on other State Railways have always had the power to dismiss certain classes of employees.

(c) Government have not the information and do not propose to call for it. They have no reason to think that the Agents of the two railways mentioned do not exercise their powers in the matter properly.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member assure this House that if I point out cases to him he will take notice and inquire into them?

The Honourable Sir Charles Innes: That depends on the cases.

Lieut.-Colonel H. A. J. Gidney: I thank the Honourable Member. I shall give him genuine cases if he will kindly promise me to inquire into them.

ACTION TAKEN BY THE RAILWAY BOARD ON APPEALS FROM MEN
DISMISSED BY THE EAST INDIAN AND THE GREAT INDIAN
PENINSULA RAILWAYS.

497. *Lieut.-Colonel H. A. J. Gidney: 1. Will Government be pleased to inform this House:

(a) how many appeals have been received by the Railway Board from men dismissed on the East Indian and Great Indian Peninsula Railways since these Railways came under its control;

(b) what staff is engaged by the Railway Board to inquire carefully into these cases; and

(c) in how many such appeals, if any, the Railway Board has referred the matter to the Agent for reconsideration and further inquiry or whether it has steadily refused to interfere with the action taken by the Agents concerned with the stereotyped reply, "The Railway Board regrets it cannot interfere with the action taken by the Agent"?

2. How many appeals have been referred to the Railway Board from the dismissed State Railway employees on these two Railways, submitted through His Excellency the Viceroy and Governor General, and, in how many cases, if any, has it interfered and upheld the appeals submitted against the orders of the Agent?

3. Is it a fact that owing to want of adequate staff the Railway Board find it next to impossible to examine such appeals thoroughly? If so, do Government intend to make provision for supplying this extra staff?

The Honourable Sir Charles Innes: The appeals against dismissal which have been received by the Railway Board since the two Railways were taken over are not numerous but I do not know the exact number. Whenever an appeal lay to the Railway Board a report from the Agent was obtained on it. No separate staff is employed solely for the disposal of appeals against dismissal; the branch of the Railway Board's office which deals with all matters relating to personnel also deals with appeals of this nature, and it is not inadequate for the work, including the thorough examination of appeals which it has to perform.

Mr. A. Rangaswami Iyengar: May I know whether in respect of appeals against dismissals on State Railways the matter is not referred to the Public Service Commission?

The Honourable Sir Charles Innes: I should require notice of that, Sir.

PROCEDURE ADOPTED BY THE NORTH WESTERN RAILWAY IN CASES OF
ALLEGED FRAUD BY THEIR CONTRACTORS AND EMPLOYEES.

498. ***Lieut.-Colonel H. A. J. Gidney:** (a) Is it a fact that the ordinary practice of the Railways, in cases where their contractors and employees are suspected of and departmentally charged with fraud, is to dismiss or discharge them even on suspicion instead of prosecuting them criminally?

(b) If so, will the Government be pleased to state the reasons for not taking such action in certain cases, within the past eight months, both with contractors and its employees, official and subordinate, on the North Western Railway and which have been brought to their notice?

The Honourable Sir Charles Innes: (a) No.

(b) Does not arise.

EXCESS OF MINERAL OIL DISCLOSED AS A RESULT OF VERIFICATION BY
THE AUDIT DEPARTMENT OF THE EAST INDIAN RAILWAY IN 1924.

499. ***Lieut.-Colonel H. A. J. Gidney:** 1. Is it the rule for stores to be verified by the Audit Department of the East Indian Railway at least once a year, if not more frequently? Does this rule hold good in respect to the item of mineral lubricating oil? If so, will Government please state:

(a) when the item of mineral lubricating oil for the Carriage and Wagon Department was verified by the Audit Department at the Lillooah Warehouse, or, in other words, at the Stores at Lillooah, prior to the verification of 8th September, 1924.

(b) what the net result of such verification was, after adjusting the shortages and excess found on verification;

(c) what the net result of the verification conducted by Mr. S. N. Ghose of the East Indian Railway, Audit Department at Lillooah was, on the 8th September, 1924, and whether it disclosed an excess of 87,810 gallons of mineral lubricating oil over the book balance on that date; and

(d) what was the actual quantity of mineral lubricating oil purchased from date of last verification up to the date of the present verification referred to *viz* , 8th September, 1924?

2. Was the Carriage and Wagon Superintendent satisfied with the finding of the verification and was he asked by the Audit Department to have this excess checked in his office and credited through a Profit and Loss Received Return? Was this done and is this Return now on official record?

3 Was he asked to explain how such a large quantity came to be issued when the book balance showed a considerably smaller quantity to be in hand and what was his explanation in the matter?

Mr. A. A. L. Parsons: 1 Yes.

(a) and (b) The result of the verification held on 16th June, 1924, was an excess of gallons 1,788½ representing the difference between book and ground balances

(c) The result of the verification held on 8th September, 1924, was an excess of 5,287 gallons representing the difference between book and ground balances

In September 1924, the following verifications were, among others, carried out at Lillooah

(1) Mineral oil—

Excess—5,287 gallons

(2) Cotton waste soaked in mineral oil—

Deficiency 114 cwt. 2 qr. 4 lb.*

The above items represent the difference between book and ground balances on verification

Investigations carried out subsequent to the verification showed that there was a large number of requisitions from out-stations for supply of "Cotton waste soaked in mineral oil", which had been complied with prior to 8th September, 1924, but had not been posted in the books. The total of these requisitions amounted to 7,502 cwt. 8 qr. 15 lb. representing the equivalent of 1,184 cwt. 1 qr. 15 lb. of cotton waste and 88,255 gallons of mineral oil.

~~After posting these items in the books the net result of the verification of mineral oil as disclosed by a comparison of book balances and actual~~

~~*This represents 114 cwt. 0 qr. 4 lb. of cotton waste and 95 cwt. 2 qr. 0 lb., or 1,272 gallons of mineral oil.~~

stock and the posting of the requisitions complied with prior to the verification was as follows:

	Gallons.
1. Mineral oil excess	5,287
2. Less shortage of mineral oil found on verification of mineral oil soaked in cotton waste	1,272
Net excess	4,555
3. Add mineral oil forming part of cotton waste soaked in oil	83,255
	87,810

(d) Gallons 144,966 of which gallons 26,649 were supplied to Lillooah Depot.

2. The results of the verification were duly referred to the Carriage and Wagon Superintendent. The discrepancies were adjusted through Profit and Loss Account and the returns are on the official record. The result of the verification was not considered satisfactory.

3. No satisfactory explanation was forthcoming, and the staff concerned with the custody and account of the materials was dismissed from service.

Lieut.-Colonel H. A. J. Gidney: Sir, will the Honourable Member kindly tell us who was responsible for this condition and loss to the Railway?

Mr. A. A. L. Parsons: I do not know, Sir.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member kindly make an inquiry and let me know considering it is about three years ago and five men have been dismissed and ruined for it?

Mr. A. A. L. Parsons: No, Sir. The staff concerned were dismissed from service.

EXCESS OF MINERAL OIL DISCLOSED AS A RESULT OF VERIFICATION BY THE AUDIT DEPARTMENT OF THE EAST INDIAN RAILWAY IN 1924.

500. ***Lieut.-Colonel H. A. J. Gidney:** If the alleged excess of 87,810 gallons of mineral oil over the book balance actually existed in the case which led to the dismissal of Mr. M. D'Cruz, Acting Superintendent, Howrah General Stores, East Indian Railway, will Government please state:

(a) where such excesses came from;

(b) if the suppliers, Messrs. the Standard Oil Company of New York, were intimated of same and called upon to explain; whether they were credited with this excess, representing over a lakh and a half of rupees in value,

(c) if, with the system in force on this Railway, this excess, representing as it does 22 oil tank wagons of 4,000 gallons each, was or could have been supplied within the short period represented from date of last verification of the item up to 8th September, 1924, and

- (d) if the Agent of this Railway suspected the Carriage and Wagon Department staff at Lillooah, who made the original issues, to be in collusion with the officials and staff at the various out-stations from Howrah to Kalka and had issued diminished quantities to them and obtained receipts for quantities not actually supplied or, in other words, for excess quantities? If so, were these officials and staff questioned about the receipts granted to Lillooah Stores and with what result?

Mr. A. A. L. Parsons: As explained in my reply to the previous question, 83,255 gallons of the difference of 87,810 gallons between ground and book balances was due to the fact that certain requisitions complied with prior to 8th September, 1924 had not on that date been posted in the books; the balance of about 4,500 gallons was doubtless due to accumulations of small differences between actual and booked issues.

DISMISSAL OF MR. M. D'CRUZ, LATE OFFICIATING STORES SUPERINTENDENT, HOWRAH, EAST INDIAN RAILWAY.

501. ***Lieut.-Colonel H. A. J. Gidney:** (a) With reference to the reply to my unstarred questions Nos. 118-122, dated 31st August, 1926, in which the Honourable Member stated that because the East Indian Railway was at that time not under State management, he disclaimed responsibility for the summary dismissal in connection with the Cotton Waste Case of Mr. M. D'Cruz, Acting Superintendent, Howrah General Stores, East Indian Railway, will the Government please state if, when the East Indian Railway became a State Railway, the Government of India became the assigns of all assets and liabilities in connection with that Railway?

(b) Will Government please state whether they deny their liability to any claims that have been made by Mr. M. D'Cruz in connection with this case?

(c) Will Government please state whether, on a date subsequent to the East Indian Railway coming under State management, the Railway Board ordered two of its members, Col. Sheridan and Mr. Sims, to proceed to Calcutta to investigate this case? Did they hold an investigation (without examining Mr. D'Cruz) and obtain legal advice?

DISMISSAL OF MR. M. D'CRUZ, LATE OFFICIATING STORES SUPERINTENDENT, HOWRAH, EAST INDIAN RAILWAY.

503. ***Lieut.-Colonel H. A. J. Gidney:** Will the Government of India be pleased to state whether they have held the late Controller of Stores, East Indian Railway, primarily responsible for dereliction of duty in connection with the Cotton Waste Case? Is it a fact that the late Controller of Stores has admitted in writing and that his statement is on official record, that he did order Mr. D'Cruz to act as he did and, for which act, he, Mr. D'Cruz, as a subordinate, for obeying his superior's orders, was summarily dismissed?

DISMISSAL OF MR. M. D'CRUZ, LATE OFFICIATING STORES SUPERINTENDENT, HOWRAH, EAST INDIAN RAILWAY.

504. ***Lieut.-Colonel H. A. J. Gidney:** 1. Is it not an official recorded fact that, with regard to the three charges framed against Mr. D'Cruz by the Agent, East Indian Railway, he (Mr. D'Cruz) in his

statement alleged (a) that he acted under the direct and personal order of his superior officer, the Controller of Stores: (b) that, *vide* letter No. S/A. 1966 of 8th October, 1924, from Chief Auditor to the Carriage and Wagon Superintendent, instead of a shortage, an excess of 902 cwts. of cotton waste was found on an official investigation and weighment being taken: (c) that, instead of a shortage of mineral lubricating oil an excess of 87,810 gallons over book balance was found on official weighment being taken, and that therefore, (d) in dismissing Mr. D'Cruz summarily the charges made by the Agent against him that, as a result of shortage, the East Indian Railway had suffered enormous losses, had no foundation in fact or substance?

2. If so, what were the findings of the official inquiry?

3. Is it not the duty of the Railway Board to administer justice to its employees irrespective of grades?

4. Do Government intend, in the interests of justice, to call upon the East Indian Railway to show the quantity of each of the items purchased from the date of last verification up to the date of the present verification (8th September, 1924)?

5. If Government disputes the accuracy of this statement is it prepared to place the entire records and evidence in this case before an impartial Committee of Members of this House, official or non-official, and to submit to its opinion? If not, is the Railway Board (a) afraid to face the issues involved in the dismissal of one of its employees, or (b) is it its intention to use these subordinates as scapegoats to suffer and to shield the irregularities of officials?

**REINSTATEMENT OF MR. M. D'Cruz AND FIVE OTHER SUBORDINATES
DISMISSED BY THE EAST INDIAN RAILWAY IN CONNECTION WITH
THE COTTON WASTE CASE.**

505. *Lieut.-Colonel H. A. J. Gidney: (a) Will the Government be pleased to state whether they obtained eminent legal advice, and if so, was this advice to the effect that Mr. D'Cruz and the five subordinates who were dismissed with him were guilty or not guilty of any dishonest act in connection with the Cotton Waste Case?

(b) Is it a fact that it was only after or at the time that the Agent dismissed these six subordinates, including Mr. D'Cruz, that he became suspicious of the part played in connection with the cotton waste case by the Controller of Stores, and, if so, did this lead to further action by the Government against the Controller of Stores which ended in his dismissal? If so, why did the Agent not cancel his former orders and reinstate these six subordinates?

The Honourable Sir Charles Innes: I propose with your permission, Sir, to answer questions 501 and 508 to 505 together. I have nothing to add to the information given to the Honourable Member in my reply to questions Nos. 118 to 122 on the 31st August, 1926, and in the Railway Department's letter of the 28th October, 1926, to him.

Lieut.-Colonel H. A. J. Gidney: Sir, will the Honourable Member kindly inform me whether the Agent of the East Indian Railway ordered the Controller of Stores of the East Indian Railway to keep his records

shut in this matter, as admitted by the Controller of Stores in a letter which I possess here, and that this took place

Mr. President: Order, order. The question has been put.

The Honourable Sir Charles Innes: I do not remember all the details in this case, but I may inform the Honourable Member that the very long reply I gave to his unstarred question last August was written after a very complete study of the question, and I am perfectly satisfied that there is no ground whatever for reopening that case.

Lieut.-Colonel H. A. J. Gidney: Sir, I am not satisfied.

INDEBTEDNESS OF THE EAST INDIAN RAILWAY TO MR. M. D'CRUZ.

502. ***Lieut.-Colonel H. A. J. Gidney:** (a) Are Government aware of the fact that besides the sum of about Rs. 14,000 representing his bonus and gratuity which it has refused to pay him, the East Indian Railway is still in debt to Mr. D'Cruz to the extent of Rs. 8,000, his Provident Fund, by reason of refusing him settlement up-to-date?

(b) Will the Government please state whether this money has been taken on to and is, to-day, to be found on the books of the East Indian Railway?

The Honourable Sir Charles Innes: Mr. D'Cruz was dismissed from the service, and was consequently not entitled to bonus on his provident fund and gratuity; and Government are not in debt to him for these amounts. They are not aware whether Mr. D'Cruz has yet drawn his own accumulations in the Provident Fund in full. If not, any balance must be borne on the books of the East Indian Railway.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please inform me what was the total loss of the East Indian Railway owing to these transactions on the part of Mr. D'Cruz and others for which they were dismissed, and whether that total loss was deducted from the amount due to Mr. D'Cruz and others from their gratuity and bonus? If not and if the Railway lost money, will Government kindly explain why they paid out to these men their Provident Fund?

The Honourable Sir Charles Innes: Nothing was due to Mr. D'Cruz on account of his Provident Fund bonus because he forfeited the bonus as he was dismissed.

DISMISSAL OF THE CONTROLLER OF STORES, EAST INDIAN RAILWAY.

506. ***Lieut.-Colonel H. A. J. Gidney:** (a) Is it not a fact that the Government of India dismissed the Controller of Stores, East Indian Railway, for offences committed by him before that Railway was taken over as a State Railway and, as in Mr. D'Cruz's case, was not the inquiry commenced before the Government took over the Railway?

(b) If so, will Government please state why they accepted responsibility and acted in the one case and refused to do so in the other?

The Honourable Sir Charles Innes: (a) The reply to both parts of the question is in the negative.

(b) Therefore does not arise.

REDUCTION OF THE INTEREST ON PROVIDENT FUND DEPOSITS.

507. ***Lieut.-Colonel H. A. J. Gidney**: With reference to Government's decision to reduce the interest on Provident Fund deposits from 5½ to 4½ per cent. from April 1st, 1927, will the Honourable Member please state whether this order applies to the Provident Fund deposits of the employees in the various State Railways?

Mr. A. A. L. Parsons: Yes.

GRANT TO POSTAL SIGNALLERS IN THE TELEGRAPH DEPARTMENT OF THE BENEFIT OF COUNTING THEIR SERVICE IN THE POSTAL DEPARTMENT FOR PURPOSES OF REGULATION OF THEIR PAY.

508. ***Lieut.-Colonel H. A. J. Gidney**: 1. Will Government state why the postal signallers who have been absorbed in the Telegraph Department on the requisition of the Government itself have been denied the privilege of counting their past services in the Postal Department in the adjustment of their salaries?

2. Is it not a fact that when one Government servant is transferred from one Department to another, he receives adequate consideration for his past services?

3. Is it not a fact that when a military telegraphist is transferred to civil employment, his past services are taken into account for the adjustment of his salary?

4. Is it not a fact that when Local Service telegraphists were absorbed into the General Scale, their transfers were made point to point?

5. Have the Government of India received any representation from the All-India Telegraph Union on the subject? If so, has any reply been sent to them?

6. Are Government prepared to consider the question of revising the salaries of these postal recruited men without affecting the claims of seniority in service of the Departmental hands?

The Honourable Sir Bhupendra Nath Mitra: 1. The attention of the Honourable Member is drawn to the concluding paragraph of the reply given in the Assembly on the 27th January, 1927, to part (c) of the starred question No. 41 by Mr. D. V. Belvi. It may be added that the request of the Postal recruited men to be granted the benefit of their Postal Service for purposes of regulating their pay in the Telegraph Service was carefully considered by the Telegraph Committee of 1921. The Committee held that they were unable to support this claim as the men concerned had voluntarily elected to enter a Department from what was altogether a separate Department at a time when the prospects in the new Department were decidedly better and they could not fairly seek to be treated as if they had remained in the original Department.

2. Presumably the Honourable Member refers to the question of past services being counted 'for increment' on transfer of a Government servant from one Department to another. The attention of the Honourable Member is drawn to the reply given on the 31st January, 1927, to unstarred question No. 27 by Mr. M. K. Acharya.

3. No, except for the period he has been continuously employed in departmental telegraph offices as a military telegraphist.

4. Yes.

5. Yes. A reply to the representation is expected to issue shortly.

6. No.

Lieut.-Colonel H. A. J. Gidney: Sir, will the Honourable Member please inform me with reference to his reply to part 3 of my question why it is that the Telegraph Department alone do not recognize for this purpose service in one Department before transfer to the other?

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will kindly read the documents to which I have referred in my reply to his main question, he will be able to obtain information on the question now asked by him.

JOINING OF THE MAIN LINE OF THE MADRAS AND SOUTHERN MAHRATTA RAILWAY FROM PITTAPUR TO COCANADA.

509. ***Mr. T. Prakasam:** Has the attention of Government been drawn to the letter of the Secretary, East Godavari District Association, Cocanada, dated the 25th January, 1927, to the Secretary, Railway Board, Delhi, regarding the joining of the main line of the Madras and Southern Mahratta Railway from Pittapur to Cocanada?

Mr. A. A. L. Parsons: The Government have received the letter mentioned by the Honourable Member and the matter is at present under their consideration.

AMENDMENT OF THE INDIAN RAILWAYS ACT.

510. ***Mr. T. Prakasam:** Will the Government be pleased to state whether they propose to take up the revision of the Indian Railways Act, and if so, when?

Mr. A. A. L. Parsons: The Honourable Member is referred to the answer given in this Assembly to question No. 275 asked by Sir Purshotamdas Thakurdas, on the 7th February, 1927.

COMPLETION OF THE NIDADUOL-NARSAPUR AND GUDWADA-BHIMAVARAM RAILWAY LINES.

511. ***Mr. T. Prakasam:** With reference to the Nidaduol-Narsapur line and Gudwada-Bhimavaram line will the Government be pleased to state:

(a) What the time allowed for its completion is?

(b) When the Engineer or Engineers, in charge of these works, have begun the works?

(c) Whether tenders have been called for and accepted in connection with the various works and if so, when and for what works?

(d) How much more time is required to complete the lines and open them?

(e) Whether the Engineer or Engineers-in-charge of the lines applied for any extension of time and if so, how long?

(f) What is the sum spent monthly on the Engineering Establishments?

Mr. A. A. L. Parsons: The information is being obtained and will be communicated to the Honourable Member when received.

INCREASE IN THE NUMBER OF SIKHS EMPLOYED IN THE OFFICES OF THE AGENT AND THE CHIEF AUDITOR, NORTH WESTERN RAILWAY.

512. ***Sardar Kartar Singh:** (a) What is the total ministerial strength of the offices of the Agent, North-Western Railway and the Chief Auditor, North-Western Railway respectively under different grades and how many of them are Muhammadans, Hindus and Sikhs in each grade?

(b) Do the Government propose to take steps to increase the number of Sikhs employed?

Mr. A. A. L. Parsons: The information for which the Honourable Member asks is not available; but the orders, which the Government of India have recently issued relating to the measures to be adopted for securing the appointment of members of minority communities in the different offices of the Government of India, have been communicated to Railway Administrations, and I have no doubt that they will be put into operation on the North Western Railway.

NUMBER OF HINDUS, MUHAMMADANS AND SIKHS EMPLOYED IN THE OFFICES OF THE POSTMASTER-GENERAL, PUNJAB AND NORTH WEST FRONTIER CIRCLE, AND THE DEPUTY POSTMASTER GENERAL, RAILWAY MAIL SERVICE, AMBALA.

513. ***Sardar Kartar Singh:** Will Government please place on the table a statement showing the number of Hindus, Muhammadans and Sikhs employed in the offices of the Postmaster-General, Punjab and North-West Frontier Circle and the Deputy Postmaster-General, Railway Mail Service, Ambala?

Sir Ganen Roy: The following statement gives the details asked for by the Honourable Member:

		Office of Postmaster-General, Punjab and North-West Frontier Circle.
Hindus	. . . . .	109
Muhammadans	. . . . .	66
Sikhs	. . . . .	8
		Office of the Deputy Postmaster-General, Railway Mail Service, Northern Circle.
Hindus	. . . . .	44
Muhammadans	. . . . .	21
Sikhs	. . . . .	5

PROPORTION OF MUHAMMADANS, GURKHAS AND OTHER HINDUS AND SIKHS EMPLOYED AS SOLDIERS AND VICEROY'S COMMISSIONED OFFICERS IN THE INDIAN ARMY.

514. *Sardar Kartar Singh: (a) What is the total number of Indian soldiers and Viceroy's commissioned officers in the Indian Army (both Cavalry and Infantry respectively)?

(b) Will Government kindly give the above information as below:

- (i) number of Muhammadans,
- (ii) number of Gurkhas and other Hindus,
- (iii) number of Sikhs?

(c) What is the proportion of each community in the Indian Army?

Mr. G. M. Young: (a) and (b). The figures are as follows:

CAVALRY—

4,508	Muhammadans.
4,208	Hindus.
2,582	Sikhs.

Total 11,298

INFANTRY—

33,294	Muhammadans.
55,979	Gurkhas and other Hindus.
15,208	Sikhs.

Total 1,04,481

(c) The percentages for the whole of the Indian Army are as follows:

33 per cent. Muhammadans.

50 per cent. Gurkhas and other Hindus.

17 per cent. Sikhs.

NUMBER OF SIKHS IN THE SALT DEPARTMENT.

515. *Sardar Kartar Singh: Will Government be pleased to state what is the number of Sikhs in the Imperial and Provincial services of the Salt Department and the number of total appointments?

The Honourable Sir Basil Blackett: There are no Sikhs in the gazetted ranks of the Bombay and Madras Salt Departments. In the Northern India Salt Revenue Department out of 44 gazetted officers two are Sikhs. The Salt Department is not divided into an Imperial and a Provincial service.

NUMBER OF MUHAMMADAN, HINDU AND SIKH INSPECTORS OF POST OFFICES AND THE RAILWAY MAIL SERVICE IN THE PUNJAB.

516. *Sardar Kartar Singh: What is the total number of Inspectors of Post Offices and the Railway Mail Service, respectively in the Punjab and how many of them are Muhammadans, Hindus, and Sikhs?

Sir Ganen Roy: Sixty-three; 24 Muhammadans, 35 Hindus and 4 Sikhs.

NUMBER OF SIKHS WHO APPEARED AT THE EXAMINATION HELD BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES, IN JANUARY LAST.

517. ***Sardar Kartar Singh**: Will Government please state:

- (i) how many Sikhs applied to appear in the Examination held by the Accountant-General, Central Revenues, in January last, and how many were allowed to sit in it?
- (ii) how many from other communities, *i.e.*, Hindus and Muhammadans sat for the examination?
- (iii) the number of accepted candidates from each community?

The Honourable Sir Basil Blackett: (i) 87 Sikhs applied, 11 were held eligible, and only 6 sat for the examination.

(ii) 2 Anglo-Indians, 28 Muhammadans, and 128 Hindus sat for the examination.

(iii) 11 Hindus and one Sikh passed the examination.

SELECTION OF SIKHS FOR THE INDIAN RAILWAY SERVICE OF ENGINEERS AND THE TRANSPORTATION (TRAFFIC) AND COMMERCIAL DEPARTMENTS OF STATE RAILWAYS.

518. ***Sardar Kartar Singh**: (a) How many Sikhs in the Punjab applied to appear at the examination held by the Railway Board for the:

- (1) Imperial Service of Engineers on State Railways, and
- (2) Transportation (Traffic) and Commercial Department of State Railways,

and how many of them were permitted to sit at the said examination?

(b) Are Government aware that in spite of their short representation no Sikh has been selected for appointment?

The Honourable Sir Charles Innes: The Government of India have no information as to the number of Sikhs who applied to appear at the competitive examination for Superior Railway Services held in November, 1926 as all applications in the first instance were dealt with by the Provincial Quota Committee. One Sikh was nominated by the Punjab Committee for the Indian Railway Service of Engineers competitive examination but he did not appear at the examination.

SIKH CUSTOMS INSPECTORS AND APPRAISERS.

519. ***Sardar Kartar Singh**: (a) What is the total cadre of Inspectors and Appraisers at every Customs Station in India and how many of them are Sikhs in either grade at each station?

(b) Was the Government of India, Home Department Office Memorandum No. F.-176/25-Estbs., dated the 5th February, 1926, regarding the measures to be adopted in securing the appointment of members of minority communities communicated to the Customs Department? If it was communicated what effect was given to it by the Department in making appointments of Inspectors and Appraisers at all the stations in India? If it was not, why?

(c) How are the appointments made and what are the necessary qualifications required for these appointments?

The Honourable Sir Basil Blackett: As the answer is a somewhat long one, I propose to lay it on the table:

(a) The number of Customs Inspectors is as follows:

Calcutta	.	.	.	.	.	.	.	14
Chittagong	.	.	.	.	.	.	.	1
Rangoon	.	.	.	.	.	.	.	7
Madras	.	.	.	.	.	.	.	3
Madras Outports	.	.	.	.	.	.	.	7
Bombay	.	.	.	.	.	.	.	10
Karachi	.	.	.	.	.	.	.	3

The number of Appraisers is:

Calcutta	.	.	.	.	.	.	.	36
Chittagong	.	.	.	.	.	.	.	1
Rangoon	.	.	.	.	.	.	.	13
Madras	.	.	.	.	.	.	.	12
Bombay	.	.	.	.	.	.	.	25
Karachi	.	.	.	.	.	.	.	21

There are no Sikhs in either class but in Bombay there is one Sikh among the Preventive Officers from whom Inspectors are selected.

(b) Yes, but it related only to the ministerial establishments and not to the Preventive and Appraising staffs.

(c) Appraisers are appointed partly by promotion from other branches of the Custom House establishments and partly, by the direct recruitment of men with commercial experience. Inspectors are appointed by selection from the cadres of Preventive Officers. The appointments are made by the Collectors of Customs at the five great ports, and as the subordinate staff is not subject to transfers from one province to another recruitment is naturally confined, for the most part, to residents of the Province concerned.

REPRESENTATION OF SIKHS IN THE OFFICE OF THE PUBLIC SERVICE COMMISSION.

520. ***Sardar Kartar Singh:** (a) Will Government please say what is the total strength of the ministerial staff of the Public Service Commission with the Government of India?

(b) Is it a fact that there is no Sikh in this cadre of the Commission?

(c) How many Sikhs applied for appointments when the office of the Commission was constituted and why was none of them appointed to give this community its share of representation?

The Honourable Sir Alexander Muddiman: (a) The total strength of the ministerial staff of the Public Service Commission is 12.

(b) Yes.

(c) Out of 199 applications for appointment 10 came from Sikhs, 2 of whom had not passed the Staff Selection Board's examination. One-third

of the appointments have been filled from minority communities, but in this small establishment it has not yet been found possible to offer any appointment to a Sikh.

Mr. M. A. Jinnah: Do the Government propose to take any steps to make up for the paucity of Sikh representation in the services?

The Honourable Sir Alexander Muddiman: In this service of 12, as I have said

Mr. M. A. Jinnah: All services.

The Honourable Sir Alexander Muddiman: I am answering this question in regard to the Public Service Commission. In this service of 12, the minority community is well represented by one-third.

REVISION OF THE CONSTITUTION OF THE MUSLIM UNIVERSITY AT ALIGARH.

521. ***Mr. Abdul Haya:** 1. Has the attention of the Government been drawn to a pamphlet called "Note by Aftab Ahmad Khan on his works and experience during the last three years of his office as Vice-Chancellor of the Aligarh Muslim University"? Were copies of this pamphlet submitted to His Excellency the Lord Rector of the Aligarh Muslim University and the Government of India?

2. Is it a fact that the ex-Vice Chancellor, Sahibzada Aftab Ahmad Khan, has pointed out in this pamphlet, the immediate necessity of revising the constitution of the Muslim University at Aligarh?

3. Is it proposed to make an inquiry into the working of the University under section 13 (2) of the Aligarh Muslim University Act XL of 1920 or otherwise?

4. If so, is it proposed to take the leading Musalmans of India into their confidence before instituting any enquiry?

Mr. J. W. Shore: 1. Yes.

2. Sahibzada Aftab Ahmad Khan has suggested an examination of the constitution with a view to a consideration of its suitability for the Aligarh Muslim University.

3 and 4. The matter is under consideration.

AUDIT OF THE ANNUAL ACCOUNTS AND BALANCE SHEET OF THE MUSLIM UNIVERSITY AT ALIGARH.

522. ***Mr. Abdul Haya:** Will the Government please state what firms of Auditors are at present appointed to audit the annual accounts and balance sheet of the Aligarh Muslim University?

Mr. J. W. Shore: The last audit was carried out by Messrs. Batliboi and Purohit, Incorporated Accountants, Bombay, about the middle of 1926.

AUDIT OF THE ANNUAL ACCOUNTS AND BALANCE SHEET OF THE MUSLIM UNIVERSITY AT ALIGARH.

523. ***Mr. Abdul Haya:** 1. Is it a fact that Sahibzada Aftab Ahmad Khan as Vice-Chancellor of the Aligarh Muslim University in December last requested the Government to have the accounts of the University

audited by some qualified Government Auditor other than those appointed by the Visiting Board of the University?

2. Did the Government enter into further communication with the Vice-Chancellor on this subject with a view to satisfy itself as to the necessity of taking such action?

3. What action have the Government taken or what action do they propose to take in this matter?

Mr. J. W. Bhore: 1. Yes

2. No.

3. The appointment of auditors rests with the Visiting Board.

VISITING BOARD OF THE MUSLIM UNIVERSITY AT ALIGARH.

524. ***Mr. Abdul Haye:** 1. Will the Government please state what are the names of the present ex-officio and nominated members of the Visiting Board which has been constituted under section 14 (1) of the Aligarh Muslim University Act?

2. Will the Government please state how many inspections have so far been made by the Visiting Board ever since the establishment of the University giving in each case the date or dates of inspection and the name or names of the member or members of the Visiting Board through whom the inspections were made?

3. Was ever any action taken by the Visiting Board at the time of inspection under section 14 (3) of the Aligarh Muslim University Act?

Mr. J. W. Bhore: 1. The Visiting Board consists of six *ex-officio* and two nominated members. Their names are as follows:

Ex-officio Members.

1. His Excellency Sir William Marris, K.C.S.I., K.C.I.E., Governor of the United Provinces.
2. The Honourable Sir Samuel O'Donnell, K.C.I.E., C.S.I., I.C.S., Member of the Executive Council, United Provinces.
3. The Honourable Lieutenant Nawab Muhammad Ahmad Sai'd Khan, C.I.E., M.B.E., Member of the Executive Council, United Provinces.
4. The Honourable Rai Bahadur Rajeshwar Bali, O.B.E., Minister for Education, United Provinces.
5. The Honourable Nawab Muhammad Yusuf, Barrister-at-Law, Minister for Local Self-Government, United Provinces.
6. The Honourable Thakur Rajendra Singh, Minister for Agriculture, United Provinces.

Nominated Members.

7. Kunwar Jagdish Prasad, C.I.E., O.B.E., I.C.S., Industries and Education Secretary to the Government of the United Provinces

8. Vacant.

9. None.

10. Does not arise.

PRIVATE NOTICE QUESTIONS AND ANSWERS.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. Chaman Lal: 1. Will Government be pleased to state:

- (a) whether they have received a full report regarding the bayoneting of Kharagpur strikers and the condition of those who were fired on and bayoneted;
- (b) whether they have received any further information regarding the strike situation on the Bengal Nagpur Railway;
- (c) whether it is a fact that telegraphic messages from the affected areas are being or have been censored; and
- (d) whether any meetings of the workers were prohibited, and if so, under what authority and for what reason?

The Honourable Sir Charles Innes: I have received a report from the Agent about the affray which took place at Khargpur on the 11th instant. As I stated the other day, a Labour Union meeting was held that evening. Every effort had been made by the Agent to remove any misunderstanding about the temporary character of Naidu's transfer to work under the executive officer and the fine imposed on Naidu had been cancelled. But the Agent's information is that it was as the result of the transfer that those present at the meeting, as soon as the meeting was over, took possession of the station and station yard at Khargpur. The news was at once sent to the railway officers and to the District Magistrate and District Superintendent of Police of Midnapore who happened to be at Khargpur. It was reported that a crowd of working men had gone to the station yard with the object of stopping all work and of interfering with the train service.

When the officers reached the station, they found the platform occupied by a crowd of about 400 men. They were informed that the Traffic staff had been forcibly stopped from work, and that a part of the crowd had gone to the East and West Cabins. The Puri Express had been admitted to the station, but the workmen were on the track in front of it and would not allow the engine to be changed. The total number of men who went from the Union meeting to the station is estimated at between 600 and 1,000 men.

The District Magistrate and the other officers with the few police present moved towards the crowd in the platform, and ordered them to leave the platform. They succeeded in moving the crowd some way towards the Midnapore end of the platform, but they were heavily stoned with ballast picked up from the track and it was impossible to move the crowd any further. The officers then returned to the station building being heavily stoned in the process, and the District Magistrate then ordered the Auxiliary Force to be called out and Armed Police to be sent for from the Thana at Jhapatapur.

The crowd in the meantime had remained at the Midnapore end of the platform, and information was received that an attack was being made on the West Signal Cabin.

Orders were issued to the Auxiliary Force as soon as they arrived to clear the yard and to place guards in the East and West Cabins. The Force also marched in front of the Puri Express driving the crowd before them and eventually the engine of the train was changed and the train allowed to proceed.

In clearing the platform and the yard, 15 workmen were wounded. None of the wounds were serious and 12 of them are reported to have been merely superficial—in fact nothing more than pricks. No firing was resorted to in the station and station yard in spite of the fact that the Auxiliary Force were stoned, but later in the night a body of rioters attacked a police guard, at a level crossing, I believe, with stones and brick-bats. Two shots were fired and one rioter was wounded in the leg. The wound is not serious.

(b) The Khargpur Branch of the Union is reported to have declared a general strike on Tuesday last.

The latest wire from the Agent is as follows:

"No response yet to Union call for general strike. Men at all stations between Khargpur and Bhadrak resumed and strike now confined to Khargpur-Shalimar section. Shops remain closed and all quiet. Work of station yard much improved with new recruits who are coming in increasing numbers. Mail and passenger trains running more punctually and ten goods trains through Khargpur to-day clearing accumulations at Tatanagar and Khaigpur."

The Agent is also reported to have decided to close the shops at Khargpur for the present. I have wired for information on this point.

(c) I have no information on the subject. If any such action has been taken, it must have been taken by the Local Government.

(d) I have seen reports in the Press that meetings have been prohibited by the District Magistrate under section 144 of the Criminal Procedure Code. I have no other information on the subject.

Mr. B. Das: May I ask the Honourable Member if the District Magistrate asked the men present at the railway platform to clear out of the station before the Auxiliary Force fired on them?

The Honourable Sir Charles Innes: Yes, Sir.

Mr. A. Rangaswami Iyengar: May I know, Sir, whether the Honourable Member is aware of the fact that the situation in Nagpur is also threatening as appears from the news in the papers?

The Honourable Sir Charles Innes: The very latest information we have got is that which I read out from this telegram which was received last night. It makes no reference to Nagpur. But I may say, after seeing the report about Nagpur, I wired to the Agent about it; I have not got a reply yet.

Mr. A. Rangaswami Iyengar: The Honourable Member in his statement said that the wounds were not serious. May I know whether the attention of the Member has been drawn to the fact that one man was bayoneted in the nose and it reached as far as the palate?

The Honourable Sir Charles Innes: Most of the wounds were entirely superficial, except three. I understand that one man got a jab in the cheek. I am told by the Agent that the wound is not a serious one.

Mr. A. Rangaswami Iyengar: May I also know whether it is a fact, that a certain old man who was carrying food for his son was charged with a bayonet?

The Honourable Sir Charles Innes: I have no information on the point at all.

Mr. Chaman Lall: Is the Honourable Member aware, Sir, that the Union stated that no stones were thrown at the Auxiliary Force until the Auxiliary Force took to attacking?

The Honourable Sir Charles Innes: The only information I have got is what I have read out.

Mr. B. Das: May I enquire if sufficient time was allowed to the people to clear out from the station before the Auxiliary Force took to firing?

The Honourable Sir Charles Innes: I thought I had already explained to the Honourable Member that the officers present, the very few police, did their very best to get the crowd off the station yard. It was when they failed that they had to return to the station building and then the District Magistrate ordered the Auxiliary Force to be called out.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member kindly state with traffic so greatly dislocated how was it possible for the Railway to run trains?

Mr. A. Rangaswami Iyengar: May I know whether the Government of India have now taken any steps with a view to removing the censoring of telegrams?

Mr. President: The Honourable Member had already stated that Government did not know whether any telegrams were being censored at all.

Mr. Chaman Lall: May I know if Government have ascertained whether there is any censorship exercised by the Local Government?

The Honourable Sir Alexander Muddiman: I do not know whether that question is rightly addressed to me. It is the first I have heard of it, but I will make enquiries on the subject.

Mr. Chaman Lall: Is the Honourable Member aware that the strikers allege that there was enmity between the volunteers and themselves before the strike took place?

The Honourable Sir Alexander Muddiman: I can well believe it.

Mr. President: I have received the following notice.

Mr. Chaman Lall: May I ask the other two private questions, Sir?

2. Will Government be pleased to state

(a) the number of Auxiliary Force Volunteers called out and the number of such volunteers who attacked the strikers at Khargpur; and

(b) the approximate number of strikers thus attacked?

The Honourable Sir Charles Innes: With all respect to the Honourable Member I do not think that he should abuse the privilege of a private notice question by using such expressions as "the volunteers who attacked the strikers at Khargpur."

The Auxiliary Force was called out under the orders of the civil authority and merely obeyed orders. I do not know how many were called out. The number of the crowd was apparently between 600 and 1,000.

Mr. Chaman Lall: Does the Honourable Member consider that the violence used by the volunteers to be in the nature of fraternal hugging or kissing? (Laughter): What does he consider "boystunting" to be? Is it an attack or not an attack?

Mr. Chaman Lall: As the Honourable Member will not vouchsafe a reply, I will ask my next question.

8. Will Government be pleased to state what, if any, property was damaged by the strikers and whether (and if so whether before or after the strikers were bayoneted or fired on) any officials or police or volunteers were attacked by the strikers?

The Honourable Sir Charles Innes: I have already answered this question. My information is that:

- (1) the traffic staff was forcibly prevented from working;
- (2) that train service was interfered with;
- (3) that the station and station yard were forcibly occupied;
- (4) that the West Signal Cabin was attacked;
- (5) that the District Magistrate found that he could not disperse the crowd without resort to force, and
- (6) the crowd was violent and that there was heavy stone-throwing.

Mr. Chaman Lall: Will the Honourable Member admit, since no property was damaged, and no officers hurt, that it was a gratuitous attack?

The Honourable Sir Charles Innes: Three officers were hit by stones.

Mr. Chaman Lall: Was it before or after the attack on the strikers?

The Honourable Sir Charles Innes: Before, Sir.

Mr. Chaman Lall: Is the Honourable Member perfectly sure that that was so?

The Honourable Sir Charles Innes: That is my information, Sir.

UNSTARRED QUESTIONS AND ANSWERS.

QUANTITY AND VALUE OF RAW BONES AND BONE MEAL EXPORTED FROM INDIA.

99. **Mr. Mukhtar Singh:** Will Government be pleased to place on the table a statement giving the following information:

- (a) the amount and price of raw bones exported from this country from different ports during the last five years?
- (b) the amount and price of bone meal (1) steamed, (2) unsteamed exported from this country from different ports during the last five years?

The Honourable Sir Charles Innes: The information available is contained in Volume I of the Annual Statement of the Sea-borne Trade of British India for 1925-26, a copy of which is in the Library of the Assembly.

DEFICIENCY OF PHOSPHATES IN INDIAN SOILS.

100. **Mr. Mukhtar Singh:** Will Government be pleased to state if they have made any recent investigation into the fact that the Indian soils are being depleted every day for want of phosphates in them? If so, will Government be pleased to place on the table the result of such investigations?

Mr. J. W. Shore: Investigations into the manurial requirements of Indian soils have shown that the soils of certain limited areas and more especially the red soils of lateritic origin are deficient in phosphates. The results of these investigations will be found in the annual reports describing the experimental work done on experimental farms in the provinces. These investigations are still being continued in most provinces:

Most of these soils owe their loss of phosphates to physical causes and not to crop production. They must have been deficient in phosphates for countless centuries.

NUMBER OF MUSLIM JAILORS IN THE NORTH-WEST FRONTIER PROVINCE.

101. **Mr. Abdul Haya:** (1) Will the Government please state the total number of:

- (a) First class Jailors,
- (b) Second class Jailors, and
- (c) Deputy Jailors

in the North-West Frontier Province?

(2) Is it a fact that at present there is not a single Muslim among the First and Second class Jailors and Deputy Jailors of this Province?

(3) If the answer to part (2) be in the negative, will the Government please state the number of Muslim Deputy Jailors and Muslim Jailors of the 1st and 2nd classes?

(4) If the answer to part (2) be in the affirmative, will the Government please state why such a state of affairs exists in a Province where the Muslims constitute 95 per cent. of the population and what the Government propose to do in order to safeguard the interests of the Muslims?

The Honourable Sir Alexander Muddiman: The information is being collected and will be supplied to the Honourable Member in due course.

MOTION FOR ADJOURNMENT.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. President: I have received the following notice of motion for the adjournment of the House from Mr. Jogiah:

"I hereby give notice that I shall move to-day for the adjournment of the business of the House to consider a definite matter of urgent public importance, namely, the serious situation that has arisen in Khargpur and other places on the Bengal Nagpur Railway line on account of the wanton shooting and bayoneting of some railway men and some members of the public by the Auxiliary Force and the callous and irresponsible treatment of the representations and grievances of the subordinate employees by the Railway Administration and the failure to end the strike that is continuing and on account of the suppression of telegrams sent to Members of the House."

I do not know whether any Honourable Member wishes to say anything in connection with the admissibility of this motion.

The Honourable Sir Alexander Muddiman (Home Member): Unless you, Sir, are prepared to rule it out at once, I would like to say a few words.

The first point is—I do not want to take up the time of the House by discussing it at length, as I hope that your decision will be in my favour—that Rule 11 allows a motion for the adjournment of the House for the purpose of discussing a definite matter of urgent public importance. Rule 12 lays down that not more than one such motion shall be stated at the same sitting. Therefore a motion must merely raise one point and two motions cannot be put down on the same day. If a multiplicity of points in one motion were allowed, Rule 12 would be defeated, because it would be open to any Member to put several points in one motion. In the notice given by Mr. Jogiah he deals with at least four points, the alleged wanton shooting and bayoneting by the Auxiliary Force, secondly, the callous and irresponsible treatment of the representations and grievances of the subordinate employees, thirdly, the failure to end the strike, and, fourthly, the suppression of telegrams. That is not a single motion.

Mr. President: Are these not causes leading to the situation? If the Honourable Member will look at the motion he will find that Mr. Jogiah proposes to discuss the serious situation that has arisen in Khargpur on account of these things.

The Honourable Sir Alexander Muddiman: With the greatest deference to your ruling, the motion is to move these four points, and he must instance one matter of urgent public importance and not four.

Mr. N. M. Joshi (Nominated : Labour Interests): The House will clearly see that the Honourable Home Member is really at the end of his wits. He knows that the motion is quite in order . . .

The Honourable Sir Alexander Muddiman: I must protest against the insinuation suggested by the Honourable Member.

Mr. N. M. Joshi: The House is asked to consider one definite matter of urgent public importance, and that definite matter is the situation that has arisen in Khargpur. That situation may consist of one or two instances, but these instances do not change the fact that the definite motion should be discussed each one separately, the strike situation and the happenings in connection with the strike. I therefore think this motion should be allowed, and I hope, Sir, that in the interests of the workers, whose interests are involved in this matter, you will allow it to be discussed this afternoon.

Mr. President: Is that the only reason that the Honourable the Home Member has to urge on the point of order?

The Honourable Sir Alexander Muddiman: No, Sir. If the Chair rules me out on that point, my next point is, that this motion could have been made yesterday but by arrangement between the Honourable Members on the other side and my Honourable friend on this side, it was not made. My Honourable friend yesterday gave a pledge that he would obtain all the information available, in reply to a short notice question, and I suggest that that pledge has been fulfilled. If the Honourable Members opposite were not prepared to accept that pledge, it was open to them to move this motion yesterday. As they did not move it yesterday, I submit the matter is now stale.

Mr. CHAMAN LALL (West Punjab: Non-Muhammadan): May I take the liberty of pointing out that although the Honourable the Commerce Member gave us a definite pledge that he would obtain all the information available and place it before the House to-day, we gave no pledge that on receipt of that information we would not move a motion for the adjournment of the House. In view of the fact that information is now available, we are taking the first opportunity to move the motion for adjournment. I submit that under those circumstances there can be no question of such a motion becoming stale. On the contrary, the matter is quite fresh, and we are within our rights in demanding a motion for adjournment in view of sections 11 and 12 of the Rules. I beg therefore to point out that the

urgency of the matter has arisen to-day in view of the reply
 12 noon. the Honourable the Commerce Member has given to us, and because of that urgency we are asking now for your leave to move this motion for adjournment.

The Honourable Sir Alexander Muddiman: I will reply to the last point made by my Honourable friend first. I fail to see how this motion for adjournment can be grounded on the reply of my Honourable friend Sir Charles Innes, for notice of the motion was given before the reply was made by him. That, Sir, I think disposes of that point. On the second point, Sir, I should like to say this, that in no House that I know of is it possible for an Honourable Member to hold over a threat of a motion for adjournment in this way. He can either move it or not move it. If he puts it on the paper and then agrees not to move it, he is not entitled later on to bring forward a motion. My Honourable friend has given all the information he can and that he was pledged to do; he has discharged the pledge he gave and this motion should not be allowed.

Mr. President: The Chair is not concerned with any pledge given by either side of the House; the Chair has to decide on the notice of motion now before it. Whether the Honourable Members on either side carry out their pledge or not is not the concern of the Chair. What the Chair has got to see is whether the matter is a definite matter of urgent public importance and whether the motion is barred by any of the rules that govern motions for adjournment.

The Honourable Sir Charles Innes (Member for Commerce and Railways): May I just make one point, Sir? I claim that this motion for adjournment contravenes at any rate the spirit of Rule 44 (4) on page 17 of the Manual:

"The motion must not anticipate a matter which has been previously appointed for consideration, or with reference to which a notice of motion has been previously given."

What we have got to consider is the strike situation on a certain section of the Bengal Nagpur Line. On Wednesday next we have the Railway Demands for Grants. Honourable Members opposite can raise and discuss the strike situation the whole of next week, and I say, Sir, the matter is not so urgent that it should be discussed to-day, and I say that it is not treating me fairly. I have given all the information I can; I have been in constant communication with the Agent, and I am perfectly prepared, as I get more information, to meet either in my own room or in the House any Honourable Member opposite and give him all the information I can, but it is not fair at this stage to try and drag the Assembly into a strike which is in its initial stages

Mr. O. S. Ranga Iyer (Rohilkund and Kurfaon Divisions: Non-Muhammadan Rural): Sir, the shooting and the bayoneting of the workmen and the further information revealed to us by the Honourable the Commerce Member make the matter sufficiently urgent, and I do not see why we should postpone a matter of such urgent importance to this side of the House till the discussion of the Budget. The Budget will be discussed on its merits and this question has got to be discussed on the merits. All that the Commerce Member promised to give us was the information. We have had the information and what we ask for is to be allowed to discuss the urgent matter of public importance that has been revealed by the information just supplied. Therefore, we are within our right to ask for a motion for adjournment.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Sir, with reference to the contention of my Honourable friend the Member for Commerce that the motion is an anticipating motion, I wish to point out that what the rule lays down is that there should be a matter previously appointed for consideration.

The Honourable Sir Charles Innes: I said it infringed the spirit of that rule.

Pandit Motilal Nehru: The spirit means—I do not know what it means (Hear, hear). I do not quite see the force of the "Hear, hear" either. I am just going to tell you what the spirit means according to my Honourable friend. By spirit, he means something which is quite strange to the rule, which has absolutely nothing whatever to do with it.

Mr. President: I am quite clear that the motion is not barred by the rule of anticipation.

Pandit Motilal Nehru: Then the next thing I want to point out is that the mere fact that my Honourable friend promised to give information does not preclude any Member from giving notice of a motion.

Mr. President: That point also has been disposed of.

Pandit Motilal Nehru: Then I have nothing further to say.

Mr. N. M. Joshi: May I say one word? The proper time for an adjournment motion has now arisen because we now learn that the Government of India and the Agent of the Bengal Nagpur Railway have failed to do their duty to their workmen. That we know now.

Mr. President: Why could you not bring the matter up in the Local Council?

Mr. N. M. Joshi: Railways are not a provincial subject; Railways are a central subject; therefore it is necessary that this House should censure the Government for their failure in their duty to their employees, and that motion can only be moved in this Assembly.

The Honourable Sir Alexander Muddiman: Sir, I should not have spoken again if my Honourable friend had not spoken. In so far as the question of the interference of the police is concerned, it is most obviously a matter which directly concerns the Local Government and therefore not a

[Sir Alexander Muddiman]

matter for discussion here. The constitutional relationship between the Government of India and the Local Government in these matters is this. We administer for the Local Governments, we are responsible for general principles. On the other point my Honourable friend seems to be arguing on the possibility of moving an adjournment at the next meeting of this House, because it is perfectly clear from what he says that what he is going to move on is the statement made to-day and not that for which notice was presumably given.

Mr. President: I should like to know from the Honourable the Home Member whether there is anything in the rules which prevents the Chair from allowing a motion on the ground that it relates to a matter which is not the primary concern of the Governor General in Council?

The Honourable Sir Alexander Muddiman: I cannot refer you to a direct rule on the subject, but Legislative Rule 11 says that a motion for an adjournment of the business of the Chamber for the purpose of discussing a definite matter of urgent public importance may be made with the consent of the President, and I suggest, Sir, that you will not give that consent for, as I have shown you, the motion in question infringes the correct constitutional position in regard to the relationship between the Central and the Local Governments, and I regard this matter as one of great constitutional importance. This Assembly is jealous of its rights and it ought to be jealous of the rights of others. It ought to recognise that the Central Legislature has its duties and the local Legislature has its duties.

Mr. President: Is the Bengal Council in Session?

The Honourable Sir Alexander Muddiman: I think it sits on the 21st, Monday.

Mr. Arthur Moore (Bengal: European): Sir, I should like to suggest to you that we cannot profitably discuss this question to-day. All that we have before us is the statement of the Honourable Sir Charles Innes, which has been supplied from the spot. Now, Sir, on that statement there is very little to discuss. Clearly the Government had to act as they have acted. They had to use troops, on that statement. All that we should get from the other side is hearsay information. We shall be really confined to discussing solely the Government statement. Therefore, it seems to me that we should be wasting the whole of our time on a perfectly profitless discussion.

Mr. President: That is a matter for the Honourable Members to consider, not for the Chair.

Mr. Arthur Moore: I submit that in relation to the urgency of the matter it is a question whether we should spend our time in discussing this in view of the state of public business.

Mr. President: Order, order, I rule that the matter is in order. Does any Honourable Member object to leave being given to Mr. Jogiah? As no Honourable Member objects, I intimate that leave is granted and the discussion of the motion will take place at 4 o'clock.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

Mr. President: I have received the following Messages from His Excellency the Viceroy and Governor-General:

(The Messages were received by the Assembly standing.)

"For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of Rules 43, 46 and 47 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Edward Frederick Lindley, Baron Irwin, hereby appoint the following days for the presentation to the Council of State and to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways and for the subsequent stages in respect thereof in the Council of State and in the Legislative Assembly, namely:

<i>Monday, February 28th, at 5 p.m. ...</i>	<i>Presentation in both Chambers.</i>
<i>Thursday, March 3rd ...</i>	<i>} General discussion in the Legislative Assembly.</i>
<i>Friday, March 4th ...</i>	
<i>Saturday, March 5th ...</i>	
	<i>General discussion in the Council of State.</i>
<i>Wednesday, March 9th ...</i>	<i>} Voting of Demands for Grants in the Legislative Assembly.</i>
<i>Thursday, March 10th ...</i>	
<i>Friday, March 11th ...</i>	
<i>Monday, March 14th ...</i>	
<i>Tuesday, March 15th ...</i>	

(Sd.) IRWIN,
Viceroy and Governor General."

"In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Legislative Assembly when the Budget is under consideration.

(Sd.) IRWIN,
Governor General."

STATEMENT OF BUSINESS.

The Honourable Sir Alexander Muddiman (Home Member): With your permission, Sir, I desire to make a statement as regards the probable course of Government business next week. In view of the present state of the Bill before the House this statement may require modification.

On Monday, the 21st, motions will be made to take into consideration and, if those motions are passed, to pass the following Bills, namely, the Madras Salt (Amendment) Bill and the Provident Funds (Amendment) Bill, which were passed by the Council of State on the 11th February and laid on the table in this House on the 14th, and the Bill further to amend the Presidency towns and the Provincial Insolvency Acts, which was introduced on the 7th February. A motion will also be made inviting the concurrence of the House in the recommendation of the Council of State that the Bill to consolidate and amend the law relating to the provision, maintenance and control of lighthouses by the Government in British India be referred to a Joint Committee of both Chambers. It is also proposed to take up further consideration of the motion for the supplementary grant in respect of Aviation.

The remaining days set aside for official business, namely, the 22nd, 23rd, 24th, 25th and 26th, have been allotted to the Railway Budget—the 22nd for the general discussion and the remaining days for voting on Demands for Grants.

THE RAILWAY BUDGET FOR 1927-28.

The Honourable Sir Charles Innes (Member for Commerce and Railways): I rise to present the Railway Budget for 1927-28 and I confess that I do so with a certain sense of embarrassment. For after having made one farewell speech on the Railway Budget, it is awkward to have to make another. I can only plead that my predicament is not one of my own seeking, and for that reason I feel that I can claim the sympathy of the House.

2. As usual, the Budget which I am presenting is not merely a departmental compilation. In preparing it we have had the assistance of the Standing Finance Committee for Railways; we were handicapped this year by the fact that the Standing Finance Committee for Railways naturally went out of existence when the last Assembly was dissolved, and that this House was not able to elect a new one until January 25th last. Thus, we were not able to spread the examination of the figures over a period of several weeks as was the case last year. But when the Committee was constituted, Mr. Parsons lost no time in placing the Budget before it, and I understand that at considerable sacrifice of personal convenience and by dint of much hard work, for which we owe them grateful thanks, the Committee was able to make a very thorough examination of the Budget. In the Budget papers which will shortly be circulated, Honourable Members will find some changes which I hope they will appreciate. In the first place, we have prepared the statement of railway revenue and expenditure in foolscap instead of octavo form. We have made this change because in the Budget debates of last year there was some complaint that the figures could not be studied without an undue strain on the eyes. Secondly, a feature of the Budget papers this year is the provision of maps and diagrams. We have appended to the explanatory memorandum a Railway map of India which will enable the Honourable Members to see at a glance what new lines we propose to construct, and what new lines we propose to survey. Then in the pink books will be found a sketch map of each Railway system showing exactly how we are developing and how we hope to develop the system. In addition, each book contains a diagram which gives full information as to the gauge of each extension, its length and cost and the progress we hope to make in each of the next 5 years. Our object of course is to enable Honourable Members readily to grasp what our programme is for the extension and development of the Indian Railway system and to see whether we have made provision for particular new lines in which they may be interested. I am also circulating with the budget papers a Memorandum explaining fully what we anticipate would be the effect on our railway finances of a reduction from 1s. 6d to 1s. 4d. in the rupee ratio not only in the budget year but also by the time the full effect of the change would be felt.

As this Assembly is a new Assembly some Honourable Members may not be aware of the practice we have established in the last two years. It is the custom now for Honourable Members, when they give notice of motions for reductions, to add a few words to indicate the nature of the subject they wish to bring up for discussion. This procedure is of great assistance to the House generally and to Government Members in particular, and I should be very grateful if it could be repeated this year.

8. Full explanations of the figures in the Budget are given in the Budget Memorandum, in the explanations attached to each of the Demands for Grants and in the pink books for individual railways. Following my

usual custom, therefore, I propose to confine myself to a brief review of the more important figures, and to some account of the more important activities of the Railway Board and the Railway Administrations.

Financial Results of 1925-26.

4. I need not spend time over the actuals of 1925-26. It was a good year for Railways though not as good as 1924-25. In my Budget speech last year, I told the House that we expected to have a net surplus (that is, the gain from commercial lines minus the loss on strategic lines) of 877 lakhs, and that we expected that we should transfer 532 lakhs to General Revenues and 345 lakhs to Railway Reserves. Actually we did a little better than we anticipated. I will not go into the figures in detail, for they are given in the Administration Report for 1925-26. But in the result we transferred 549 lakhs to General Revenues and our Reserves benefited to the extent of 379 lakhs. The return on Budget lines in 1925-26 was 5·81 per cent., and if this figure is not quite so good as in the exceptionally prosperous year of 1924-25, when the return was as high as 5·85 per cent., it is better than any of the other post-war years and better than it was in 1918-14.

Revised Estimate for 1926-27

5. I am sorry to say that I cannot give as favourable an account of the probable financial results of the current year. We budgetted on commercial lines for gross receipts amounting to 102·58 crores and gross expenditure, including interest charges, of 92·13 crores. That is, we counted on a gain from commercial lines of 10·45 crores, and deducting an anticipated loss on strategic lines of 174 lakhs, on a net surplus of Rs. 871 lakhs. On the basis of these figures, we expected not merely to be able to pay our net contribution of 601 lakhs to General Revenues but also to transfer 270 lakhs to our own Reserves. But we now know that our budget figures are not likely to be realised. We now estimate that our gross receipts will be 98·31 crores or 4½ crores less than our budget estimate, and that our total charges will be 90·56 crores, or 157 lakhs less than our estimate and that the gain from commercial lines will be 775 lakhs instead of 10·45 crores. The loss on strategic lines is now put at 181 lakhs instead of 174 lakhs, and the final result is that we now expect a net surplus of 594 lakhs instead of 871 lakhs. The net contribution payable under the Convention to General Revenues is, as I have said, 601 lakhs. We expect, therefore, to have to draw on our Reserves to the extent of 7 lakhs to enable us to pay our dues to General Revenues. As Clause 4 of the Convention shows that is the primary purpose for which these Reserves exist.

6. These figures are disappointing, but I confess that I take a philosophical view of them. It seems at first sight a serious matter that we should have to cut 4½ crores off our budget estimate of gross receipts, but railway earnings depend so largely on factors outside railway, or rather I should say human, control that we can never be sure that our budget estimates of gross receipts will not be falsified by the course of the season and the state of trade. And this is what has happened in the current year. Up to the end of July, in spite of reductions in passenger fares and coal freights, we were ahead of the earnings of last year. The monsoon seemed promising, and we had hopes of a really good year. The prospects took a turn for the worse, and now we expect our earnings from

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goods traffic to be worse than our estimate by $2\frac{1}{2}$ crores and our earnings from passenger traffic to be worse by nearly $1\frac{1}{2}$ crores. Two Railways, the Eastern Bengal and Assam Bengal Railways, have done better than we expected. The explanation is that they serve areas which have been favoured by an exceptionally abundant jute crop and a good tea crop. For the rest, the failure of gross earnings to come to our expectations is common to all Railways. As usual, we have suffered much from floods. They affected the Bengal-Nagpur Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway, but they were particularly disastrous in Burma. The main line of the Burma Railways was so badly breached that communications could not be restored for several weeks with the result that earnings on this Railway are half a crore below our estimate. Again, the season proved unfavourable for the cotton crop. The final estimate for the year is nearly a million bales below last year's figure, and in addition the crop was abnormally late. Our earnings from raw cotton were less by 60 lakhs in the first 8 months of this year than in the corresponding period of last year. Cotton is now moving freely to Bombay, but the effect of the bad start is clearly seen in the figures of the two Bombay Railways, while the earnings of the North Western Railway have been similarly affected by a comparative failure of the crop in the Punjab. Between 1st September and the 29th January 1927, only 86,000 tons of cotton were exported from Karachi, compared with 61,000 tons last year. I have thought it worth while to take this one instance of cotton by way of illustration, but the drop in our gross earnings, especially in goods traffic reflects just the fact that trade has not been as good as we expected. Slackness of trade too has no doubt affected passenger earnings, but it is possible that we were a bit too optimistic in our estimate of the effect of the reductions of fares brought into force last year. We expected the immediate effect to be detrimental to our earnings, and for that reason pitched our estimate of gross receipts 2 crores lower than otherwise we would have done. But now we have to reduce our estimate by a further 137 lakhs. It is not that there has been no increase of passenger traffic, but it has fallen short of our estimate and in spite of the increase in traffic we expect to earn 57 lakhs less from passengers this year than we did in 1925-26. It is too early to assess the effect of the reductions we gave last year in long distance coal freights. Owing to the coal strike in England, the circumstances of the year have been quite abnormal in the matter of coal. At any rate, we have carried more coal, and I do not think that we have lost money by the reduction.

7. The drop in earnings is partially counterbalanced by considerable reductions in our working expenses. On commercial lines our revised estimate of working expenses is $1\frac{1}{2}$ crores below the budget estimate. Of this amount, nearly $1\frac{1}{2}$ crores is in the cost of operation. Our coal bill in particular should be about $\frac{1}{2}$ crore less than our estimate, partly of course because of the decrease in traffic and the lower cost at which we can now buy, but also as the result of vigorous measures taken by the Railway Board to secure great economy. The statistics given in Volume II of the Administration Report for 1925-26 show how consumption has decreased relatively to the work done and bear testimony to the effectiveness of the measures taken by the Railway Board.

8. I have said that I take a philosophic view of the disparity between our revised and budget estimate. I go further. I think that the results

of the current year illustrate the strength of the position Railways are now in. We have had a comparatively poor year marked by exceptional floods, partial crop failure amounting to scarcity in parts of the country and slackness of trade evidenced by the fact that up to the end of December last our total foreign trade was nearly 50 crores less than in 1925-26 and 60 crores less than in 1924-25. Nevertheless, we hope to earn this year a net return of 4.77 per cent. on the capital at charge enabling us to pay our interest charges and to pay all but 7 lakhs of our contribution to General Revenues. It has also to be remembered that the contribution payable this year is based on an exceptional prosperous year and amounts (leaving strategic railways out of account) to the big sum of 760 lakhs. In my view, having regard to the inevitable fluctuations in Railway receipts from one year to another, these results go far to justify the wisdom of the policy to which we are working.

Budget Estimate for 1927-28.

9. For the year 1927-28, we have adopted a more cautious estimate than last year. We are budgetting for gross receipts from commercial lines amounting to 100.40 crores and for a total expenditure of 91.47 crores. If our expectations are realised, the gain from commercial lines will amount to 8.93 crores and the net gain, after deducting the loss on strategic lines, will be 7.10 crores. Out of this sum, we shall have to pay 548 lakhs to General Revenues, that being the net contribution payable on the results of 1925-26, and we hope to strengthen our reserves by 162 lakhs.

10. I do not propose to comment on these estimates at length. The main feature of them is that we put our gross traffic receipts on commercial lines at 99.24 crores or 2 crores more than the revised estimate of the current year, and that we expect to earn these receipts at a working cost of only 8 lakhs or so in excess of the working expenses of this year.

On the whole I should describe these estimates as framed in a spirit of sober optimism,—in the hope that we shall on the whole be free from the misfortunes which have beset us this year, and that trade and traffic will pursue a more even course; and also in the hope that our continued efforts will result in further economies in our charges. For example, the House will notice that though we should ordinarily have to expect an increase of about 15 lakhs in the cost of administration on account of increments to salaries, we are actually budgetting for a reduction of 10 lakhs in the cost. This is because we hope that Agents will be able, by improvements in their administrative machinery, to cut down the existing scale of their expenditure by, perhaps, a quarter of a crore. We cannot of course be certain that we shall be able to get this reduction in full next year, part of which must be occupied in investigating the existing methods and procedure and seeing how they can be improved. But at least we shall do our best to do so. We have also been able to place our contracts for coal at cheaper rates in the current year, and to this and further economies in consumption, look forward to a reduction of 38 lakhs in our coal bill.

Capital Expenditure.

11. The House will remember that the approved programme for capital expenditure in the current year authorised a total capital expenditure of

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84.58 crores. This was the estimate given by railway administrations of the amount which they hoped to spend during the current year on approved works. I explained last year our principles with regard to fixing the capital budget. We do not wish to restrict the execution of sanctioned works nor to hamper in any way the Agents' efforts to carry to completion such works as rapidly as possible, and we accordingly authorised them to spend up to the full amount they thought they could spend during the year. We knew, however, from past experience that their actual expenditure would be very much lower, and we asked the Assembly to provide a sum of only 22 crores in addition to the 4 crores required for the purchase of the Delhi-Umballa-Kalka Railway. The actual expenditure during the current year is now expected to be 27 crores, or a crore more than was provided for, and we shall place a supplementary demand before this House in due course for the additional funds required. In the last few years, as indeed the House has noted on more than one occasion in the Budget debates, there have been considerable lapses in the amounts provided for capital expenditure, and this is the first year in which actual expenditure is likely to approximate closely to our estimate. We must, I think, congratulate the Railway Board on the success of its efforts to attain greater accuracy in estimates and to expedite the execution of sanctioned works. One of the methods adopted deserves a passing mention, for it represents a new and important departure. We are now beginning to make use of private contractors for important railway works. A number of important railway bridges are now being built for us by firms of contractors, the latest example being the rebuilding of the bridge over the Nerbudda on the Great Indian Peninsula Railway main line which was washed away last summer. Another important work which has been entrusted to contractors is the elimination of the Bhore Ghat Reversing station on the Great Indian Peninsula Railway, and we hope that we may shortly be able to devise a system which will allow us to hand over to contracting firms the entire construction of some new lines. Of the total expenditure of 27 crores, just over 4 crores represents the purchase price of the Delhi-Umballa-Kalka Railway. Twenty-one lakhs roughly is the expenditure incurred in taking up new issues of share capital of certain branch line companies in which Government are financially interested in order to replace loan capital by share capital. This method is directly remunerative to us in that it adds to our share of surplus profits or reduces our liability to pay rebates. As regards the balance, the expenditure on new lines is expected to be 6.47 crores, and on open lines 16.81 crores. The former figure represents a lapse of only 9 lakhs on the budget estimate. Progress on some projects has unfortunately been retarded by a variety of causes such as late receipt of imported material and unexpected delays in the acquisition of land, but on others it has been possible to accelerate the rate of expenditure. The principal sufferer has been the Raipur-Parvatipuram line where we now expect to spend less than a fifth of the 125 lakhs provided for the current year. On open lines, expenditure has proceeded at a more rapid pace than we expected when the Budget was framed and our latest anticipation is that the budget estimate will be exceeded by a little over a crore. This however is partly counterbalanced by a reduction of 50 lakhs in our estimate of expenditure from the Depreciation Fund which is a counterpart of the programme of open line works.

12. For the year 1927-28 the total amount of funds asked for by railway administrations is 39.77 crores. As usual we propose to authorise them to spend up to the full amount they have included in their estimate, but we are asking the Assembly only to vote a sum of 25 crores as a whole, which we believe is at present about the limit of the administrations' capacity of spending. Of this total of 25 crores, we propose to distribute 7.62 crores to new lines (as against nearly 15 crores asked for by Agents) and to open line works the balance of 17.88 crores as against roughly 24½ crores demanded.

13. The full details of open line works are, as usual, given in the budget memorandum and in the various pink books dealing with the estimates of new railways and I think it unnecessary for me at present to deal with any of the details of these estimates. I need only say that of the total amount of 24.77 crores, which it is proposed to distribute among Agents as desired by them, 19.41 crores are for improving open line facilities. Sums amounting roughly to 3 crores each are provided for improvement of track, for remodelling of station yards and for the electrification of lines and stations. The provision for doubling and quadrupling tracks, strengthening of bridges, workshops and stores and station buildings, and staff quarters amounts to about 6 crores. I would specially emphasise the large share that electrification of lines and stations has of the total expenditure. The total provision made is over 8½ crores. The Great Indian Peninsula Railway alone accounts for nearly 2 crores of this. The projects include the electrification of the main line from Bombay to Igatpuri and Poona (costing altogether 5½ crores) for which a crore is provided and the construction of the power house at Kalyan costing altogether 97½ lakhs, for which 40 lakhs is provided in 1927-28. In this connection, I think that it would interest the House if I give them certain figures which I have extracted from a recent report on the Harbour Branch Railway of the Great Indian Peninsula Railway system. The section between Victoria Terminus and Kurla, a distance of 9½ miles, was electrified with effect from 5th February 1925. By January 1927, I am informed the train miles on the section had increased by seven times and passenger traffic and earnings were 20 times as great as in the period prior to February 1925. On 3rd February 1926 the electrification of the Mahim Chord, an addition of 2½ miles, was completed and the whole of the Harbour Branch Railway was operated by electric service. A comparison between the statistics of January 1926 with those of October 1926 shows that the train miles have increased four times, that passenger traffic has doubled and that earnings have trebled. I may also call attention to the provision of about 2½ crores made for amenities specially intended for lower class passengers as separate from such general improvements as remodelling and electrification of stations and yards and improved train services from which also they derive benefit in common with others. The special amenities include arrangements for water supply, the increased provision of waiting rooms and halls and refreshment rooms and the improvement of booking facilities and sanitary arrangements, but the main item on which expenditure is to be incurred is nearly 1½ crores under additions and improvements to lower class carriages. Under additions, the programme for 1927-28 contemplates 686 coaching vehicles and 552 of these are lower class carriages.

New Construction.

14. One of the most interesting parts of the Railway Budget is of course the programme of new construction. Our programme for next year

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will involve a total expenditure of 14½ crores in the case of commercial lines, but we have thought it necessary to provide only 7.41 crores. The programme for both commercial and strategic lines is set out in full in the Budget memorandum. It includes 48 lines covering 1,813 miles which are already in progress and 51 new lines extending to 2,827 miles. Thus, our immediate programme covers 4,640 miles. Only 888 miles of new line will be opened in the current year, but next year I hope that we shall see a more substantial return on the money we have spent on new construction in the last two or three years. For we hope to open in 1927-28 nearly 900 miles of new line. And my successor is likely to be more fortunate than I have been in his record of mileage added to the Indian Railway system. I am confident that the House will welcome this development, and will agree that we should press on with the construction of new lines. This is our policy. Each Railway Administration is charged with the duty of exploring every avenue that affords scope for the construction of remunerative lines of a standard suitable to the traffic that may be expected and of keeping in close touch with Local Governments in this important matter. In order to afford every facility for the achievement of this object, we do not propose to adhere to one rigid standard of construction. Obviously a standard that is suitable for a main line carrying heavy traffic may be needlessly expensive for a feeder line serving a comparatively small agricultural tract, and the Railway Board have now laid down varying standards of construction in order that branch lines and extensions may be built to whatever standard seems most suitable to the area to be served.

Rates and Fares.

15. I am sorry that I am not in the happy position of announcing any further reduction of rates and fares, but after what I have said earlier in my speech the House cannot have any expectation of boons of this kind. But it must not be thought that we have made merely the reductions in passenger fares announced last year. On the contrary, at the beginning of the current year we expressly invited Agents carefully to review their passenger fares in the light of statistics and we told them that we should be prepared favourably to consider further reductions. As the result of this letter, the Agents of the East Indian, North Western and South Indian Railways felt justified in proposing these further reductions and they have already been brought into force in one case from 1st January last and in the other two cases from 1st February. The reductions on the two State-managed lines are substantial, and third class passenger fares for ordinary trains are now down to 2 pies per mile for distances over 300 miles. The House may think that we have been unduly bold in sanctioning these reductions in view of the fact that the reductions previously sanctioned have not yet given any material stimulus to traffic. But the recommendations of the Agents were based on their considered opinion that ultimately it would pay them to bring down fares to the level suggested and we decided to take the risk. I would here emphasise the fact that it is only the existence of our Railway Reserves that enables us to make experiments of this kind. For we have to remember that every year we are adding a sum of upwards of twenty crores to our capital at charge. Every twenty crores added to our capital means that we ought to obtain an increase in our net earnings of about a crore and twenty lakhs. For not only have we to pay our interest charges but in addition we have to

pay one per cent. to General Revenues on our capital at charge. On the other hand, much of our new money goes into works which take time to become remunerative, and there is also the fact that we must expect large variations from year to year in Railway earnings in accordance with harvest results and trade fluctuations. All these considerations point to the need for prudent management, for unceasing strivings after economy and efficiency, and for a wise policy of building up reserves. But provided that we keep these essentials in mind, I think that we can face the future with confidence and that we need not hesitate to make such well considered experiments in the reduction of rates and fares as on the advice of our Agents we have so far embarked upon. But I have no doubt that the House will agree that the effect of such experiments must closely be watched and that if after a fair trial extended over a reasonable period they are found merely to involve us in a loss of revenue without bringing any compensating advantage in the shape of increased traffic, the matter may require reconsideration. But I hope that there is no fear of this result, and that we shall not merely be able to carry on the reductions that have been made but also to try further experiments, particularly in the way of reducing freights.

16. I have just referred to the need for unceasing striving after efficiency and economy, and I have done so quite deliberately. For I think that I may claim that however far we may have fallen short of our ideal, that has been our policy during the last five years. Some Members of the House, I know, think that we are too rigid in our adherence to this policy and they regard it merely as a rather soulless bureaucratic trait. But, believe me, it is not that. After all the Government of India and the Railway Board are responsible for what is, I suppose, one of the biggest commercial undertakings in the world. It is a business with a capital of something like 600 crores—say 450 million sterling. If we run it successfully, we provide India with a cheap and efficient system of transport. If we fail, the railways become a burden on the general revenues of the country. In some respects I think that we can claim already to have made satisfactory progress. I do not wish to repeat what I said last year, but every one will agree I think that our financial arrangements are on a much sounder basis than ever before and that we have made some progress in carrying out the recommendations of the Acworth and Inchcape Committees. But the Indian Railway system is a vast organisation, and recently in almost every year some new branch of our work has been brought under expert examination and review. This year it has been the turn of the workshops, and we have just published the report of the Raven Committee. Some people, I am told, call it an indictment of the Railway Workshops. It may be so, I am not particular about the word. But the plain fact is that the Railway Board thought that State Railway workshops required overhauling in the light of the most modern workshop practice. We entrusted the task to two of the best experts we could find, and we have obtained from them what we wanted, namely, a frank outspoken report containing many valuable suggestions for improvement of our methods and our equipment. The publication of the report may expose us to criticism, but from our point of view the important thing is that we now know the directions in which to work for economy and efficiency, and we propose to follow up the suggestions which have been made. Similarly, an enquiry is now going on into our methods of railway accounting and into our workshop accounts, and another enquiry has just been made into the medical and sanitary arrangements of one of

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our most important railways. I do not propose to enter into greater detail into the many other directions in which economies are being effected in the administration of our railway property as these are dealt with in Sir Clement Hindley's speech in presenting the Budget in the Council of State.

In other respects too, I think we are making advances. Last year we brought into effect the new recruitment schemes for the Indian Service of Railway Engineers and for the Transportation and Commercial Department, which were elaborated with the help of the Central Advisory Council. The first competitive examinations under these two schemes were held in November last by the Public Service Commission and as the result of those schemes 18 officers all of them Indians were appointed.

Whatever complaints this House may have against the Railway Board—and we shall hear more of this matter next week—no one can accuse them now of sitting at Simla and Delhi and being entirely immersed in office work. Every year now every headquarters of a Railway Administration is visited by a Member of the Railway Board, and I who see their tour notes regularly know how valuable these visits are. The local Advisory Councils too are doing excellent work. They vary, of course, some being better than others, but from the personal testimony of Agents themselves I am aware that they are most useful in bringing Railway Administrations into touch with public opinion

17. And now, Sir, I propose to bring to an end this the last account I shall give of my stewardship of Indian Railways. I am conscious of its deficiencies, and there are many other things that I should like to say, but I am afraid of wearying the House. I am sorry that I end with a less prosperous year than some of its predecessors, but at any rate it is a much more satisfactory budget than the one I had to defend in this House 5 years ago. No one could have had more loyal and devoted assistance than I have had from Sir Clement Hindley, Mr. Sim, Mr. Parsons and from Railway Officers generally, and as for this House, Sir, though I have had much criticism, I like to think that it was kindly criticism and there is not one of us on these Government benches who does not realise the value of the close scrutiny to which our budgets are subjected by the Legislative Assembly.

(Applause.)

The Assembly then adjourned for Lunch till Half Past Two of the Clock

The Assembly-re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

THE STEEL INDUSTRY (PROTECTION) BILL—contd.

Mr. President: The House will now resume further consideration of the Bill to provide for the continuance of the protection of the steel industry in British India as reported by the Select Committee.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): Sir, I rise to support the amendment so ably moved the other day by my Honourable friend, Mr. Chetty, and I do so with the clearest conscience and the profoundest conviction that my action is actuated by the best interests of my country. Sir, I do not propose to introduce any heat or passion into the discussion. The other day after the amendment of my Honourable friend Mr. Jamnadas Mehta, on the question of re-submitting the Bill to the Select Committee had been voted down, we heard another speech from Sir Charles Innes, and, as usual, his speech was lucid, but it was at the same time frank also. He distinctly and frankly admitted the serious objection that we have been raising to the principle of this Bill from this side of the House. His speech was an agreeable contrast to the speech made by another Honourable Member in support of the Bill from these Benches. Mr. Jinnah introduced a great deal of heat and passion simply because he thought that we were doing him some injustice in thinking that in the course he was taking, he was actuated by anything but the best of motives. I may say at once that I do not question the honesty of his motives at all. He is one of us, and he does what he considers to be in the best interests of India. He has every right to express his views as strongly as he can, and so have we, and I do not think that there is any occasion for any heat or passion being introduced into the discussion of this measure. We differ fundamentally as regards the principles of this Bill. He says the Bill does not introduce any Imperial Preference; so say the Honourable Members from the Government Benches, the Honourable Member in charge of the Bill and the Government of India. We are prepared to take them at their word; their intentions and their motives may be the best, but at the same time we know that motives and intentions do not take us very far off. Sometimes things take place which are cited later on as precedents. One step leads to another, and we are afraid that if we recognize the principle of differential treatment as embodied in this Bill, it is bound eventually to lead to what we know will be Imperial Preference. It may not be Imperial Preference now, it is perhaps not Imperial Preference now, it is a discrimination between countries of origin, but a discrimination of this nature is bound to lead to further discriminations. Where are we going to stop? I may say, Sir, boldly that the whole history of British activities in India and the whole history of British rule in India is strewn with the dead bodies of the best of intentions and the best of motives. The British did not come into this country to conquer it or to establish their government here. One of their greatest historians has told us that the British Empire in India was built in a fit of absent-mindedness. We are afraid of that absent-mindedness. To be absolutely frank, we do not know what this fit of absent-mindedness may involve us in, in the future, if we accept the principle of this Bill as it stands to-day and as it has emerged from the Select Committee. We know that, the best of intentions notwithstanding, we in this country have been in the past led from one step to another to measures which have ruined our industries, which have placed us in a helpless position as regards our industrial and economic situation and which have practically made us absolutely dependent upon other countries. Sir, where the relation between one country and another is that of ruler and ruled, or of master and subordinate, there to make any differentiation between politics and economics is only straining at a gnat. I repeat once more what I said in my remarks at

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the time when this Bill was introduced that there is really no fundamental difference between economics and politics. The line of demarcation is so thin that politics bear on economics and economics bear on politics. We are not prepared to make any distinction between politics and economics, as both are inextricably interwoven. One goes with the other as is proved by the course of practical politics in the world. What are the British here for, if not for economic gain? What are the British in China for, if not for economic gain? What are they in other different parts of the world, if not for economic gain? Politics and economics are intertwined so strongly and so intimately that it is, I submit, not safe to make any distinction between them.

Mr. President: Will the Honourable Member kindly come to the amendment?

Lala Lajpat Rai: I am coming to the amendment. My main objection to the Bill is that it introduces a vicious principle. If the President overrules me on that point, I will stop all argument and sit down, because my outstanding objection to the Bill is one of principle.

Mr. President: I should like Honourable Members to understand that the question of Imperial Preference was allowed to be discussed by the Chair in all its aspects on the motion to recommit the Bill to the Select Committee; and if repetition is to be avoided, I would request Honourable Members to touch on that question in a general way but not to make long speeches.

Lala Lajpat Rai: Well, Sir, I bow to the ruling of the Chair, but I consider that question to be very vital.

Mr. President: It may be.

Lala Lajpat Rai: And that is my principal objection to the Bill as it has emerged from the Select Committee, but I shall in obedience to the Chair be as brief as possible. I must reply to the arguments that were advanced by Mr. Jinnah to the effect that it is not Imperial Preference, that the principle is only simply one of economic advantage or disadvantage. I was going into that point. We have been told by Mr. Jinnah that it does not lead to Imperial Preference at all. Well, many persons competent to form and express an opinion on the point have taken a contrary view. We have firstly the frank admission of Sir Charles Innes that the Bill is open to the objection of discriminating by countries of origin. We are discriminating in this Bill in favour of Great Britain, and if we discriminate in this case in favour of Great Britain, what may we not be asked to do in future in determining our fiscal policy with regard to other commodities that are imported into this country from England? Are we going to establish this principle and go on adopting it in practice from one precedent to another, from one step to another? This must eventually lead to what is called Imperial Preference. The Tariff Board has brushed this question aside, not because it does not lead to Imperial Preference, but because in their opinion the discussion of it leads to the consideration of political issues. They felt in their heart of hearts that it was really leading to Imperial Preference but they said in effect that as it raised a political issue, they would not discuss it. Then we have seen the Anglo-Indian Press discussing the point from the same point of view. The *Times of India* the other

day took us to task for not sharing the Empire sentiment and for not repaying the great benefit that Great Britain was conferring upon us as regards the tea and tobacco industries. Sir, I will not take up your time in reading quotations from the Report of the Fiscal Commission showing that Great Britain has done us no favour in the matter of our tea and tobacco industries. But what I am concerned with at the present moment is that although it is not Imperial Preference at the present time, it is, as was said by my Honourable friend Pandit Motilal Nehru, "the thin end of the wedge." The acceptance of the principle of discrimination in favour of countries of origin is destined one day to lead to that, although it may not be the intention of the Government or the Honourable Member in charge of the Bill to introduce any principle of Imperial Preference at this stage. Sir, I desire to warn Honourable Members on this side of the House, at least all the Indian Members in this House, that it is a very grave and serious matter—the introduction of this principle in the Bill and the recognition of it in the present form. At the present moment some of us might consider it economically beneficial though the vast majority of us on these Benches do not share that view. We believe that even economically the principle is not sound and is not going to benefit us. But even if it were, I would go to the length of saying that the main reason why we should not vote in favour of this Bill as it has emerged from the Select Committee, is that on the whole the effect of the introduction of this principle into the Bill will be so injurious and harmful to the interests of the country that the advantages which we might otherwise get from the introduction of this differential system would be overbalanced by this great defect in the Bill itself and that we shall be establishing a principle which we do not know where it will lead us to.

Coming to other arguments about the amendment, it was remarked by my friend Mr. Jinnah that by this principle they wanted to stop dumping, dumping of Continental steel into India. The one great argument which he used as regards that part of the case was that the importation of Continental steel into British India has been doubled since the war. He compared the figures of the importation of Continental steel into British India in pre-war days with what they stand at now.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban). Since 1921.

Lala Lajpat Rai: Since 1921? Very well, Sir. I think he gave us the pre-war figures too.

Mr. M. A. Jinnah: Not dumping.

Lala Lajpat Rai: Even taking the figures since 1921, I submit he has not proved that any dumping had taken place. On that point the pronouncements of the Fiscal Commission and the Tariff Board are both clear enough. They have given us the definition of what dumping is. Dumping is not established by the fact that the importation of foreign commodities is doubled or has gone up to a very large figure. There must be another feature in connection therewith which the Tariff Commission and the Tariff Board have laid down. In fact they distinctly say that they find no case of dumping proved. If there was any complaint made by the Tata Steel Co., in this respect it was against British

[Lala Lajpat Rai.]

this preferential and differential treatment. But really there is no question of hatred or affection. It is absolutely a business proposition. Although, according to the opposite side our scheme is economically unsound, we have not yet heard of any cogent criticism of the figures quoted by my friend Mr. Jammadas Mehta. We are deciding this question for a period of seven years. During these seven years there will be no time to revise it except for purposes of increasing or decreasing the duty under certain contingencies. I think, therefore, we ought to consider well how this measure is going to affect not only the steel industry, not only those small industries based on the use of steel, but also how it is going to act as a precedent for other industries. If we establish this precedent we shall be asked to repeat the same procedure in the case of other imports. Let us look at the question from a pure business-point of view apart from its political bearings. We shall be asked to discriminate in the case of other articles. Bound down by this precedent and having admitted this principle of discrimination in this case we shall find ourselves unable to refuse its extension to other similar cases. I warn the Honourable Members of this House that grave consequences are likely to follow the acceptance of this principle, and grave complications as well. I will ask them to weigh all the pros and cons of it before they vote for the acceptance of this Government Bill. This Bill is going to affect hundreds and thousands of our people who will be thrown out of employment, who are at present living on the manufacture of articles made of steel. (*An Honourable Member*: "Where?") All over India, in Bombay, Poona, the Punjab and other provinces—I can name hundreds of places (*An Honourable Member*: "Where?") I am telling you the places. If you will not hear me it is not my fault. You do not know the conditions under which the people live, because you live in palaces of glass. We poor people live and mix with people in huts and we know under what conditions they live. It does not affect you at all. You go on matters of policy, on matters of calculation, while we have to witness the misery of our people from day to day and hour to hour. We cannot accept your evidence against the evidence of our senses. We are not here simply for the purpose of making speeches, making or reconciling statements of figures. We have to deal with facts. I repeat that we shall by accepting this principle be throwing out of employment thousands of poor Indians who live on the manufacture of small articles which they make from Continental steel, even in places where Continental steel comes into competition with Tata steel. I submit that it is not a matter for laughter, it is not a matter of paper figures; it is a matter of facts and considering those facts we shall be committing a grave blunder if we accept this Bill. We consider honestly that this is a very serious matter and that we should not commit ourselves to this principle, in spite of all the arguments advanced by the Government Benches and Mr. Jinnah. Mr. Jinnah believes in his heart of hearts that this is a better principle. Well let him believe, he is welcome to vote for it. But I want to make it clear that our conviction is a sound one and is based on a consideration of the interests of our country. The other side perhaps do not credit us with such motives. They think that we are actuated by feelings of hate. That is a statement that is not true. We are not actuated by any motives of hatred. It is a pure business proposition, and we are not prepared to accept any principle which might lead to further complication in the development of our industries and the development of our fiscal position. Sir, on these considerations I beg to support the amendment moved by my friend, Mr. Shamukham Chetty.

One word more and I will sit down. We are prepared to give credit to the Tariff Board for the best of intentions, but the recommendations of the Tariff Board are not the word of God. We have had four Tariff Boards, and, as my Honourable friend Mr. Moore pointed out, all four of them made different recommendations at different times. They are not infallible. We are in a position to form our own conclusions on the material collected by the Tariff Board. We on this side of the House also possess common sense enough to enable us to study the figures given by the Tariff Board and form our own conclusions thereupon. I do not think there are any steel experts in this House in any party. We are common men possessed of common sense, and on the materials placed before us are in a position to form our own judgment. What are we in this House for, if we cannot form our own judgments and depart from the conclusions of the Tariff Board if we think the latter are not sound? Does it lie in the mouth of the Government of India to point out to us that we should always accept the report of these special committees without hesitation? Have the Government of India always followed the recommendations made to them by these special committees? Did the Government of India immediately accept and give effect to the recommendations of the Decentralisation Commissioner? Did they treat the Fowler Committee's recommendations as regards Currency and Reserve with the same consideration which they claim for the Tariff Board? They follow recommendations when it suits them and reject them when it does not suit them. How many times has the Secretary of State thrown these recommendations of these expert committees into the waste paper basket? Now that the recommendations of the Tariff Board suit the Government of India, it is said that it is not right for us to arrive at a different conclusion and reject those recommendations. We accept the fact that the steel industry needs protection, and that that protection must be given for a sufficiently long period to enable this industry to stand on its own legs; but we do not accept the method recommended for the purpose. The Tariff Board says that this system of weighted average is a sufficiently good method, sound in principle and simple in administration. They were also inclined to say that their recommendations did not involve the acceptance of the principle of Imperial Preference. My Honourable friend Mr. Fazal Rihimtulla, however, contradicted them. He said that the Bill as originally drafted in accordance with the recommendations of the Tariff Board was based on the principle of Imperial Preference but the changes introduced by the Select Committee have removed that feature. We do not agree with the latter statement. We find thus that the Tariff Board was not quite right in its conclusions on that point. I repeat that we cannot accept the conclusions of these Tariff Boards as the word of God. We have got to judge them according to our own knowledge. We shall vote, according as we think best, in the interests of our country. I therefore support the amendment of my friend Mr. Chetty.

***Mr. M. A. Jinnah:** Sir, I endorse the last proposition of my friend Mr. Lajpat Rai. The Tariff Board is not the last word on the subject. I do not think I ever said that, or that anybody else would have the temerity to suggest that it is the last word on the subject. Certainly not. All that one would say is this. Here is an expert body that took eight months and made this recommendation. It is entitled to a great deal of weight at the hands of this House; but that is neither here nor there. (*An Honourable Member:* "You do not say it is a question of fact".) I do not say it is a question of fact. I said that if this House thinks that the scheme which

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the Tariff Board has recommended is so fundamentally wrong, so radically bad, you are entitled to reject it. We have passed that stage, so I do not want to enter into that discussion.

The next point which my friend Mr. Lajpat Rai made was that thousands of people will be thrown out of work; that small traders, artisans, who are making safes, nuts and bolts, will suffer considerably. Sir, my

3 P.M. Honourable friend said that we were receiving representations from all parts of India. Well, Sir, he is not the only one who has been pestered with those representations. But from whom do these representations come? They come from the iron merchants, the Karachi Association of Iron Merchants, the Bombay Association of Iron Merchants, the Calcutta Association of Iron Merchants.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): May I contradict the Honourable gentleman. I read the other day a telegram from 16 users of Continental steel. Mr. Jinnah was present and ought to have known that.

Mr. M. A. Jinnah: I was not dealing with my friend Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: I am dealing with you.

Mr. M. A. Jinnah: And I shall deal with you later on. I am now dealing with Lala Lajpat Rai. He said representations have been pouring in from all parts of India, not the representations that have poured in to Mr. Jamnadas Mehta. That was what I was replying to. All of them are from iron merchants

Lala Lajpat Rai: No, Sir.

Mr. M. A. Jinnah: Will Lala Lajpat Rai show me a telegram which has come from any one else?

Lala Lajpat Rai: Mr. Kirloskar himself has come here. Two representations from two firms have been received; one representative has come here. One makes hurricane lanterns and the other makes nuts and bolts.

Mr. M. A. Jinnah: Anyhow it comes to this that he has come here in person and has not made any representation by telegram. Now, Sir, with regard to Mr. Kirloskar I am fully alive to his point of view. He has also seen me and I was very pleased to see him.

Mr. President: I would like the Honourable Member to ignore all interruptions.

Mr. M. A. Jinnah: Sir, then we are told we have to think of the interests of these artisans, such as nut and bolt makers and trunk makers. I may at once say on the floor of this House that I am as anxious as any Honourable Member to support their interests. But, Sir, what are the facts? The facts are these that Mr. Kirloskar made an application and you will find it in the list of applications made to the Tariff Board, and he was asked to come before the Tariff Board and give evidence and he did not come. He was an applicant, and yet he did not go there. Why? Because I suppose he thought it was too far away to go to Calcutta. But there it is. I am entirely in agreement that we must look to their interests also. And how can we do it? We can only do it in the way recommended by the Fiscal Commission, and you will find that in paragraph 98 of the

Fiscal Commission's Report. They actually deal with this question of conflict that may arise between different industries in the country when you are seeking to protect one. A very pertinent case was that of wood-pulp for paper manufacture in India, and you will find what paragraph 98 clearly states should be done under the circumstances. And that I submit is the only possible way of dealing with the matter. It says this:

"It is possible that the protection of some industry may affect injuriously the interests of other industries. We received evidence at Calcutta for instance which appeared to place three interdependent industries in a relation of some antagonism. The manufacture of wood pulp from bamboo is just being started in India. The manufacturers are apprehensive of the competition of imported wood-pulp and asked for the imposition of a protective duty on wood-pulp. The Indian paper manufacturers, however, who use imported wood-pulp and for whose benefit it is at present admitted free of duty, naturally object to a proposal which would raise the cost of their raw material, and therefore put them in a less favourable position to compete with imported paper. If it is suggested that this difficulty might be overcome by giving special compensatory protection to paper, a third interest claims to be heard, and Indian printers and publishers complain that if the cost of paper is raised they will be handicapped in competition with imported books which are admitted free. In all such cases the most essential requirement is that the utmost publicity should be given to the inquiry of the Tariff Board, so that all interests concerned may have full opportunity of representing their point of view."

Now, Sir, the Tariff Board is already assisting in this inquiry as was pointed out by the Honourable Member in charge in answer to a question put to-day. The Tariff Board actually say in paragraph 5 of their Report that the evidence received in regard to locomotives is not yet complete, while the applications in regard to nuts and bolts can most conveniently be considered at the same time as the application for the grant of protection to the manufacturers of steel wire. Mr. Jayakar was particularly anxious that these traders should be protected and I agree with him. But at the same time, in order to protect them, I cannot agree with my Honourable friend Mr. Jayakar that you can have tariff walls in one port with one tariff and in another port with another tariff. That will be impossible.

An Honourable Member: Nobody suggested that.

Mr. M. A. Jinnah: Mr. Jayakar said: "Why do you want to penalise these men who make trunks and nuts and bolts in places like Rangoon, Karachi and Madras where Tata steel does not find its way?" You cannot differentiate your tariffs.

An Honourable Member: Who suggested you can?

Mr. M. A. Jinnah: Then there is no meaning in this. You cannot possibly redress this by any other method except the method suggested by the Fiscal Commission.

Then, Sir, my friend Mr. Lajpat Rai says he supports this amendment and he says, if it is carried, the objection is that it will not give any relief to the consumer, as the profits or the difference will go into the pockets of the middlemen. That is a fact, Sir, and here my friend Mr. Chetty asked me for figures. I did not give the figures in detail. I said, if you accept the amendment of Mr. Chetty, I venture to say that the consumer will have to pay 48 lakhs of rupees a year extra, because by his amendment Tata steel will be Rs. 129 and Continental steel will be Rs. 111. We want to secure the fair selling price of Rs. 120 to Tatas. And I say that the Continental steel price and the Tata steel price will go up to somewhere in the neighbourhood of British steel, which is Rs. 129. The difference will go into

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the pockets of the middlemen and Tatas will get excessive protection, and I give you the figures. The difference is Rs. 6.

Bala Lajpat Rai: We had these figures yesterday.

Mr. M. A. Jinnah: No you did not, perhaps you will hear me. The total of the four classes of steel is 470,000, and you find that structurals are 140,000. Multiply that by 6 and you get 8.4 lakhs. Bars are 126,000. Multiply that by 9—that is the difference—you get 11.3 lakhs. Plates and sheets 92,000 multiplied by 13 gives 12 lakhs. Then Tata's must also get the best price they can. Whoever heard of a merchant who would not get the best price he could in the bazar? If British steel is going to be sold at 129, you mean to say Tatas are going to sell their steel for Rs. 120? Certainly not. They will raise the prices. They may take Rs. 2 less but there again there is that difference and Tata's production will give Tata's 15 lakhs extra or 48 lakhs if you total it up. To this you must add the burden to the consumer of fabricated steel and in the course of 7 years I venture to say you will put a burden on the consumer to the extent of 4 crores of rupees. That is the net result. And for whose benefit? For India's benefit or for the benefit of the middleman? Why, for the benefit of the middleman. I gave you figures, the Honourable Sir Charles Innes gave you figures, and I say that these associations are a ring, a combination. Trade practices in these ports are such that your middleman, the poor middleman, does not get a chance. Mr. Kirloskar has already suffered because of his combination; and the ordinary man, the man who makes a trunk or who makes a nut or who makes a bolt, pays through his nose by paying a price to the combination which is very near the neighbourhood of British steel prices. The only protection you can give to these men is to see that the Tariff Board makes an early report; and I hope, Sir, the Government will not lose time and will see that these small traders and artisans get the requisite protection owing to the conflict that arises. Sir, with these remarks I must oppose this amendment.

Lieut.-Colonel H. A. J. Gidney: I move that the question be now put.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadian Rural): Sir, I do not wish to detain this House for any great length of time. Since I came to know the verdict of the House the other day about the amendment of Mr. Jamnadas Mehta I have heard more speeches from those who advocate and support the Government's Bill. Sir, I have tried my best to learn something more and tried my best to look at it from their point of view and to feel as if I was in the wrong and the other side was in the right, but I confess, Sir, that I have not learnt anything new. I found the same arguments being repeated again and again. Sir, the greatest argument which has been put forward against Mr. Chetty's proposal is that under Mr. Chetty's proposal the consumer will have to pay a higher price. It sounds rather novel. Sir, to suggest that under a lighter tariff the consumer will have to pay a higher price; but, as has been explained by my Honourable friends Mr. Jinnah and Sir Charles Innes the suggestion is that in the absence of any competition from Tatas in Karachi, Bombay and such other places the importer of Continental steel will pocket the margin between the prices of British and Continental steel. This is their argument. Sir, in support of this argument my Honourable friend Sir Charles Innes was kind enough to place before the House the quotations

for the first three months of 1926. I regret very much, Sir, that he only put before the House the quotations for the first three months of 1926. This matter has been given so much importance that it was unfair to the House that he should not have put all the quotations from January to December, 1926, before it in order that the House might come to a proper conclusion. Sir, in order that the House may know all the quotations I propose to do so now.

My Honourable friend Sir Charles Innes put before the House the quotations for the first three months, January, February, and March, and tried to prove that importers of Continental steel were pocketing all the margin. Sir, from April to December the prices of Continental beams varied between something like Rs. 125 and Rs. 120. Similarly, Continental angles varied during April—December from something like Rs. 180 to Rs. 120; Continental bars between Rs. 135 and Rs. 130; plates between Rs. 140 and Rs. 125; and black sheets between Rs. 152 and Rs. 140. I think, Sir, it would be fair if we took the average of the twelve months; and what do we find? We find that the average of the 12 months for Continental beams was Rs. 122/8, for angles Rs. 127/8, for bars Rs. 135/12, for plates Rs. 137 and for black sheets Rs. 147. Now, Sir, the price of imported Continental steel without duty is, according to the Tariff Board's Report, structural sections Rs. 86, bars Rs. 90, plates Rs. 92 and black sheets Rs. 122. To these prices we have to add the existing duties as well as the importer's commission. We cannot forget that after all the importer does not do business on a philanthropic basis. He has to charge his commission also. Therefore, in taking the fair selling price of Continental steel, we ought to take into consideration the existing duties as well as the importer's commission. And what do we arrive at? Let us, Sir, take first of all the case of the black sheets. The price of black sheets without duty is Rs. 122 *plus* Rs. 30 duty, and if we put Rs. 5 per ton as the middleman's commission we find that the fair selling price ought to be Rs. 157, while the average of the 12 months in Bombay was Rs. 147—Rs. 10 lower than the price which ought to be called fair.

Mr. M. A. Jinnah: Doing business at a loss?

Mr. Ghanshyam Das Birla: I am quoting the figures. If my figures are incorrect Mr. Jinnah could point it out, and I am quite prepared to correct them. It is no use asking me whether they were losing or gaining. I am putting these figures before him and he can come to any conclusion he likes. I repeat, Sir, that the cost of imported steel amounted to Rs. 157 including the importer's commission, while the average price of the 12 months according to the Government's report and according to the Steel Merchants' Associations' report was only Rs. 147. Could we call it profiteering, Sir? But we ought to take the other qualities also. Let us take beams and angles. According to the same calculation the fair selling price of Continental steel, after taking Rs. 5 a ton for the importer's commission, we find ought to be Rs. 121 for beams and angles, whereas the average price ruling in Bombay was Rs. 122/8 and Rs. 127/8, respectively. Mr. Jinnah might say that in angles there was profiteering, but, Sir, the import of angles in ports other than Calcutta amounted only to 22,000 tons and if he means to say that the importers were profiteering at the rate of Rs. 5 a ton on 22,000 tons,

[Mr. Ghanshyam Das Birla.]

I admit that he is correct. This at the utmost meant that the importer pocketed about a lakh of rupees—that is all that he can say. Then to come to bars—the import of bars amounted to 125,000 tons. We find on the basis of the same calculation that the fair price of bars ought to have been Rs. 185, while the average price of the twelve months of 1926 was Rs. 185-12-0. Similarly, plates ruled at Rs. 187 per ton, while the fair cost of Continental plates was Rs. 127 per ton. But the total import of Continental plates is 28,000 tons and part of it is imported into Calcutta when there has been keen competition between Tatas and foreign imports. We can see from these figures that there was no profiteering of the sort described by my Honourable friends Sir Charles Innes and Mr. Jinnah. These are the figures before the House and I hope that when they take into consideration all the facts they will come to the conclusion that there was no profiteering of the kind stated by my Honourable friends on the opposite Benches.

Now, Sir, Mr. Jinnah asked: "Why did not Mr. Kirloskar come and put in a representation before the Tariff Board?"

Mr. M. A. Jinnah: Give evidence.

Mr. Ghanshyam Das Birla: Give evidence. Similarly, he suggested that all the representations which the Honourable Members were getting were from the various iron merchants' associations.

Mr. M. A. Jinnah: I did not say all. I was dealing with Lala Lajpat Rai's representations.

Mr. Ghanshyam Das Birla: He stated that almost all the representations which were pouring in were from the iron merchants' associations of various parts of the country. I put him one question. It has been admitted by my Honourable friend that there was no profiteering in Calcutta on account of competition between Tata's steel and imported steel. If that was so, may I inquire why the Calcutta Iron Merchants' Association also made a representation to all the Members of the Assembly stating that they did not approve of the preferential tariff? Sir, the evidence of Mr. Anandji Haridas was given so much importance the other day. May I put before the House a telegram which I received from the Iron Merchants' Association of which Mr. Anandji Haridas is but the President. The telegram says:

"Request you opposing preferential tariff and supporting uniform duty on all imported steel. Interest of trade and consumer demands it."

That is the considered opinion of the Iron Merchants' Association of Calcutta of which Mr. Anandji Haridas is the President. And I take it that in Calcutta, according to my Honourable friends, Mr. Jinnah and Sir Charles Innes, the trader was not engaged in any sort of profiteering, and still the gentlemen from that part of the country do not approve of this preferential tariff. Then we have got the case of Mr. Kirloskar who is producing bolts and nuts. He has come running all the way from Bombay and he has represented to the various Members of the House that if preferential duties come into effect he will have to close his factory. There are many other Indians similarly placed as Mr. Kirloskar. One is

Mr. Agole. He is at present manufacturing about 1,000 lanterns every day, that means about 80,000 a month. And what is his position? If he has to pay a higher price for Continental steel on account of higher import duty, he will have to shut his factory in a few days. That is the sort of report which we are getting from all parts of the country.

It has been said that under a system of preferential tariff the consumer of standard steel will have to pay a lower price, while under Mr. Chetty's scheme he will have to pay a higher price. I admit it, but who are the buyers of standard steel? It is either big factories or corporations, or Railways and so on, and I am sure they can afford to pay a little higher price. (Laughter.) (Mr. M. A. Jinnah: "Whose money?") But what about the poor consumer? What about the poor men who use Continental steel every day? I think it is better to protect the poor consumer and the poor industries rather than put some more money into the coffers of the Government or corporations and such other rich bodies. With these remarks, Sir, I beg to support Mr. Chetty's amendment which in my opinion is in the best interests of the country.

Mr. B. Das (Orissa Division: Non-Muhammadan): For three days we have been discussing the Steel Protection Bill and I find that the House is unanimous on one point, and that is, that nobody wants Imperial Preference. We on this side say that the Bill introduces Imperial Preference. The Government Benches and those who voted with them say that no Imperial Preference is meant. There is a unanimity of opinion that Imperial Preference is not wanted, although we doubt the protest that the Government Benches are making that no Imperial Preference is meant in the Bill. I will just commend one passage which I noticed in the editorial of the *Statesman* of yesterday (17th February 1927) for the edification of the Treasury Benches, both Indian and European, including the Honourable the Commerce Member:

"Never since the Tariff Board issued its report have we been able to understand what purpose there can be in denying that the duties embody a preference. To protest that there is no intention to give a preference cannot alter the fact that a preference is given, nor does it change the nature of that preference to label it discrimination."

I will say to those who protest on the other side—I will use that significant though slightly inelegant phrase, "My lady, you protest too much." Sir, whenever any Indian Member on the Government side speaks I always listen most attentively. Especially, there are three Indian Members on the Treasury Benches who ought to know the mind of the nation; the sentiment of the nation. These three representatives of the Indian nation are there, inside the Government of India to reflect the sentiment and the feeling of the Indian people inside that Government. If they do not reflect our feelings, the onus is on them. When Sir Bhupendra Nath Mitra spoke the other day I listened to him most attentively, but what I did feel was that he did not convince me that no preference was meant by the other side in the Government Bill. He poohpoohed the idea of sentiment. I do not want to quote an Indian authority but I will quote the authority of Mr. C. A. Innes—he was then Mr. and not Sir Charles—when he moved the Resolution regarding the appointment of this Tariff Board in 1928. What did he say about 'sentiment' then? My

[Mr. B. Das.]

Honourable friend, Mr. C. A. Innes—he was then a democrat of democrats—said :

“ The first point I have to make is this. I do not suppose that there is any country in the world where this question of free trade or protection has been decided on purely economic grounds.”

And to-day economic considerations and economic interests are thrown in our faces on the floor of this House. Then he goes on :

“ Some of you may have read Mr. Percy Ashley's book ‘ Modern Tariff History ’. In that book he points out that even Lists' great work in which he developed the theory of infant industries and argued the need for protection to enable a country to pass from a purely agricultural state to a mixed agricultural and industrial state owed the widespread approval it received in Germany less to its economic argument than to the great political appeal it made to the necessity of maintaining, completing and strengthening German nationality. *There is the same sentiment at work in India.*”

These are not my words, but the words of my Honourable friend, Mr. Innes, now Sir Charles Innes. He said :

“ On the one hand, India aspires to Dominion status, that is to say, she aspires to political independence within the Empire. On the other hand she aspires to economic independence.”

These are the words of my Honourable friend Mr. C. A. Innes as he then was, the great democrat as he then was, but also no more a democrat! I commend those words to the attention of my Honourable friend Sir Bupendra Nath Mitra. I wish also to add a word of praise to my Honourable friends Mr. Arthur Moore and Mr. Gavin Jones of this side of the House. They do not want preference. The non-official British representatives in India desire not Imperial Preference or preference to the United Kingdom. Sir, I appreciate very much such a fair and broad enunciation of policy from my European friends. I want you to remain as friends of India. If such sentiments are often expressed by them and their group on the floor of the House and outside, then it would conduce better to the cementing of friendship of the two nations. Let the Government Benches do whatever they can under the dictates of Whitehall and bear the blame and obloquy of non-official India. You are and will be our brother citizens in India for a number of years. You love liberty and have been lovers of liberty in your country. Why should you alienate our sympathies by adopting undemocratic policies then? Whether you live in England or India, you love liberty, and be lovers of liberty and freedom always.

I am very suspicious of this preferential Bill that has been introduced. I will read a passage from the *Times Trade Supplement*, dated December 12th, 1926, regarding a Bill introduced by the Australian Government to give preference to the United Kingdom :

“ A Bill is passing through the Legislative Assembly of New South Wales requiring municipal and shire councils to give ‘ effective and substantial preference ’ to goods manufactured or produced in the Commonwealth and failing them to British goods. Australian goods must be given at least 10 per cent. preference over foreign goods. The rate of preference will vary according to the customs duty paid on the imported article. The members of a council which disregard the provision of the measure,

should it become law, will be liable to surcharge under the provisions of the Local Government Act.

The Minister of Local Government, Mr. J. J. Fitzgerald, in introducing the measure, said that giving preference to Australian goods meant giving preference to Australian workmen. There ought to be no need for a measure of the kind but unfortunately various councils had written claiming the right to buy goods of any nationality at any prices. The Government considered the definite preferences specified in the Bill to be fair and reasonable."

I mention this for this reason. A Conservative Government are sitting in Whitehall. The Baldwin Government want to introduce Imperial Preference all over the Empire. There is a definite policy of direction from the British Government and so we find Bills giving preference are on the anvil in the Dominions and in India.

My friend Sir Charles Innes in his speech the other day praised the Tariff Board to the seventh heaven. I will just read one description of it from the *Statesman* of yesterday:

"The reverence of Ministers like Sir Charles Innes for the Tariff Board is one of the things that it is difficult to understand. To him the pronouncements of that body are as the commandments that descended from Sinai. The commandments were written on stone and had a degree of permanence. They were not replaced on the morrow by a new set of injunctions."

My friend Mr. Arthur Moore, who is also connected with the *Statesman*, expressed the same opinion on the floor of this House. Sir, the *Statesman* once bore the name of "Friend of India" and it is acting as a real friend of India in giving expression to these friendly thoughts for India.

(At this stage Mr. President vacated the Chair, which was occupied by the Rev. Dr. E. M. Macphail.)

Mr. Ginwala, who was one of the Members of the first Assembly and who was one of the doubting Thomases of that Assembly, questioned the right of a political body like this Assembly to control the work of the Tariff Board. I will just quote one passage from Mr. Ginwala's speech in that connection and Honourable Members of this House will get some inkling how our toddling infant legislators in that first Assembly were working to the spirit of this democratic sentiment:

"If this Board is to be constituted it should be a statutory body, constituted by an Act of this Legislature and that its duties as far as possible should be defined. I object to treating the Board merely as an advisory body. For in the end, it may come to this, that it may advise as much as it likes the protection or otherwise of a particular industry, but if its advice is to be submitted to the opinion of the whole House, I venture to submit, without meaning any offence to this House, that that advice will more often than not be examined on its own merits. There are always political forces at play under whose influence the advice is bound to come."

Let us now hear the more democratic sentiment of my friend Sir Charles Innes in his younger days. He said:

"Mr. Ginwala also stated that he was a democrat. I must confess that, when I heard his views about the Tariff Board I felt very much inclined to doubt that statement. He apparently contemplates a Tariff Board with statutory powers over and above the Indian Legislature, a Tariff Board which is empowered to fix rates, a Tariff Board which is beyond criticism by this Assembly. Well, Sir, that may be a very efficient Board but it is not democracy, nor, Sir, is it the sort of Board that I should agree to appoint."

Well, I wish my friend had maintained the same attitude and had not glorified that Tariff Board as something above this Legislature and above the Government. And I know this much, I am sure that my friend Mr. C. A. Innes did not then want the Tariff Board to be a sort of glorified Commercial Intelligence Department as it was in the United States. Sir,

[Mr. B. Das.]

I spoke on the first day this Bill was referred to Select Committee and said that I am opposed to preference in any shape or form. To-day, I know, the Treasury Benches are happy that the number of heads is in their favour and they can carry it; but the moral victory is on this side of the House and our moral victory is supported to-day by the European group in this House. So, by a Government victory I do not think the Treasury Benches do feel very happy, because they know they have not the support of the Indian Nation; they are carrying it with a show of the mailed fist, if I may say so.

Sir, I do not want to go much into the question of prices, whether the consumer or the tax-payer or who is to pay. The policy of this House is that adequate protection should be given to the steel industry, and so long as the steel industry is protected it does not matter who pays. To-day the consumer is paying very heavy duties, and whether this Government Bill or the Birla-Chetty Bill is passed, that will reduce the rates of duty on steel which will be sold cheaper. So it does not matter if the consumer will pay a little more, but I would much rather prefer a Bill by which no preference at all is given to the United Kingdom. I would rather as a consumer pay a little more both for Continental and British steel to avoid that flavour of preference. But, Sir, I do not agree with the expert opinion of that body of experts, the Tariff Board, that they have given adequate protection to the steel industry. The steel industry in their representation demanded protection compared to which the Government scheme of protection is very inadequate. And although Mr. Jamnadas Mehta's amendment for recommitment to Select Committee with a view to introducing a policy of bounties has been thrown out, yet I maintain that the steel industry will not prosper and will not be able to compete with British or Continental steel unless they are given a certain amount of bounty. Well, that is not the point we are discussing at present, so I will not talk on that. I want the steel industry to be given bounties, though I am not entirely satisfied with the methods and procedure of the Steel Company. This Steel Company, the Tariff Board itself says, has got obsolete plant: it has got a top-heavy management: it is not properly Indianized though there is a certain percentage of Indianization: it can reduce the works costs by Indianization and by reducing the number of labourers and workmen as has been recommended by the Tariff Board. I may tread on Mr. Joshi's corns thereby . . .

The Honourable Sir Charles Innes: On a point of order, Sir. I should like to know whether this is really relevant to the amendment before the House?

Mr. Chairman (The Revd. Dr. E. M. Macphail): I do not think so.

Mr. B. Das: Very good, Sir, I bow to your ruling. But I think that adequate protection is not given under this Bill and that it would give Tata's real protection if the system supported by the so-called minority report of the Select Committee was adopted. I know the Government will carry the day because they have an absolute number of votes on their side; but we are here to voice the national sentiment and the nation's feeling and we will not be any party to any system of preference.

(Several Honourable Members moved that the question be put).

Mr. Chairman: The question is that the question be now put).

(At this stage the Chair was vacated by the Rev. Dr. E. M. Macphail and was resumed by Mr. President.)

The Assembly divided :

AYES—57.

Abdul Aziz, Khan Bahadur Mian.
Abdul Matin Chaudhury, Maulvi
Abdul Qaiyum, Nawab Sir Sahibzada
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha
Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Clow, Mr. A. G.
Coatman, Mr. J.
Cocke, Mr. H. G.
Crawford Colonel J. D.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
Gavin-Jones, Mr. T.
Ghulam Kadir Khan Dakhan, Mr.
W. M. P.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Ismail Khan, Mr.
Jinnah, Mr. M. A.

Joshi, Mr. N. M.
Jowahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Mohammad Ismail Khan, Haji
Chaudhury.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir
Alexander.
Muhammad Nawaz Khan, Lieut.-
Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rahimtulla, Mr. Fazal Ibrahim.
Rajah, Rao Bahadur M. C.
Roy, Mr. K. C.
Roy, Sir Ganen.
Ruthnaswamy, Mr. M.
Sassoon, Sir Victor.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. B. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

NOES—50.

Abdul Latif Saheb Farookhi, Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sessa.
Belvi, Mr. D. V.
Bhargava, Pandit Thakur Das.
Birla, Mr. Ghanshyam Das.
Chaman Lall, Mr.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Verahagiri Venkata.
Kartar Singh, Sardar.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.

Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayvid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Rananjaya Singh, Kumar.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Sarda, Rai Sahib M. Harbilas.
Shafee, Maulvi Muhammad.
Singh, Mr. Gaya Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Tok Kvi, U.
Yusuf Imam, Mr.

The motion was adopted.

Mr. President: The question is :

" That for clause 2 of the Bill the following be substituted :

' 2. (1) For sub-section (4) of section 3 of the Indian Tariff Act, 1894, the following Amendment of section 2, Act VIII of 1894, ing sub-section shall be substituted, namely :

(4) If the Governor General in Council is satisfied, after such inquiry as he thinks necessary, that articles of any class chargeable under Part VII of the Second Schedule with both a basic and an additional duty are being imported into British India from any place outside India at such a price as is likely to render ineffective or excessive the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase or reduce the additional duty to such extent as he considers necessary.

(2) In the Second Schedule to the same Act there shall be made the amendments specified in the Schedule to this Act.

(3) The amendments made by this section other than those made in Parts I and II of the Second Schedule to the Indian Tariff Act, 1894, shall have effect only up to the 31st day of March, 1934."

The Assembly divided :

AYES—49.

Abdul Latif Saheb Farookhi, Mr.	Kunzru, Pandit Hirday Nath.
Acharya, Mr. M. K.	Lajpat Rai, Lala.
Aiyangar, Mr. C. Duraiswamy.	Malaviya, Pandit Madan Mohan.
Aney, Mr. M. S.	Mehta, Mr. Jamnadas M.
Ayyangar, Mr. K. V. Rangaswami.	Misra, Mr. Dwarka Prasad.
Ayyangar, Mr. M. S. Sesha.	Moonje, Dr. B. S.
Belvi, Mr. D. V.	Mukhtar Singh, Mr.
Bhargava, Pandit Thakur Das.	Murtuza Saheb Bahadur, Maulvi Sayyid.
Birla, Mr. Ghanashyam Das.	Naidu, Mr. B. P.
Chaman Lall, Mr.	Nehru, Pandit Motilal.
Chetty, Mr. R. K. Shanmukham.	Neogy, Mr. K. C.
Das, Mr. B.	Pandya, Mr. Vidya Sagar.
Das, Pandit Nilakantha.	Prakasam, Mr. T.
Dutt, Mr. Amar Nath.	Rananjaya Singh, Kumar.
Dutta, Mr. Srish Chandra.	Rang Behari Lal, Lala.
Gour, Sir Hari Singh.	Ranga Iyer, Mr. C. S.
Gulab Singh, Sardar.	Roy, Mr. Bhabendra Chandra.
Haji, Mr. Sarabhai Nemchand.	Sarda, Rai Sahib M. Harbilas.
Iyengar, Mr. A. Rangaswami.	Shafee, Maulvi Muhammad.
Iyengar, Mr. S. Srinivasa.	Singh, Mr. Gaya Prasad.
Jayakar, Mr. M. R.	Singh, Mr. Ram Narayan.
Jogiah, Mr. Varahagiri Venkata.	Sinha, Kumar Ganganand.
Kartar Singh, Sardar.	Tok Kyi, U.
Kelkar, Mr. N. C.	Yusuf Imam, Mr.
Kidwai, Mr. Rafi Ahmad.	

NOES—60.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Matin Chaudhury, Maulvi.
 Abdul Qaiyum, Nawab Sir Shubzada.
 Abdullah Haji Kasim, Khan Bahadur
 Haji.
 Ahmed, Mr. K.
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayangar, Mr. V. K. A. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhore, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Clow, Mr. A. G.
 Coatsman, Mr. J.
 Cocke, Mr. H. G.
 Crawford, Colonel J. D.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 Gavin-Jones, Mr. T.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haech, Mr. P. B.
 Hazlett, Mr. J.
 Howell, Mr. E. B.
 Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Israel Khan, M.

Jinnah, Mr. M. A.
 Joshi, Mr. N. M.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Risaldar Major
 and Honorary Captain.
 Keane, Mr. M.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Rev. Dr. E. M.
 Mulla, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Nawaz Khan, Lieut.-
 Sardar.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Natoire, Maulvi A. H.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rahmatulla, Mr. Fazal Ibrahim.
 Rajah, Rao Bahadur M. C.
 Rao, Mr. G. Sarvecham.
 Roy, Mr. K. C.
 Roy, Sir Ganen.
 Rukhnaswamy, Mr. M.
 Saigee, Sir Victor.
 Singh, Rai Bahadur S. N.
 Suhrwardy, Dr. A.
 Sikes, Mr. E. F.
 Tinkinson, Mr. H.
 Wilks, Sir Walter.
 Young, Mr. G. M.

The motion was negatived.

MOTION FOR ADJOURNMENT.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

(It being Four of the Clock, Mr. President called on Mr. Varahagiri Venkata Jogiah to move his motion for adjournment).

Mr. Varahagiri Venkata Jogiah (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, the motion that I propose to move
 4 P.M. is:

"That this Assembly do adjourn to discuss a definite matter of urgent public importance."

The object of this motion is to discuss and call the attention of this House firstly to the conduct of the Railway Administration in disregarding the repeated representations of the subordinate railway employees of the Bengal Nagpur Railway on certain most important grievances, the neglect of which occasioned the present strike to the great inconvenience of the public; secondly to the conduct of the Government in calling out the Auxiliary Railway Force to shoot and bayonet indiscriminately, not only the workmen but also others assembled, without the least warning or

[Mr. Varahagiri Venkata Jogiah.]

threat that shooting would take place without persuading the crowd to^{*} disperse and without having recourse to the use of blank shots in the first instance; and thirdly to the conduct of the telegraphic authorities in refusing the despatch of telegrams that were sent from the Indian Labour Union, Kharagpur, to a large number of the Members of this House.

Sir, Honourable Members of this House are aware that there was for some time a good deal of unrest among the subordinate employees of the Bengal Nagpur Railway. Representations on the subject were made not only to the railway authorities but also to the Government by questions put on the floor of this House with regard to these grievances. You may remember a Resolution was moved on the 5th of February 1926 in this House recommending an enquiry into the grievances of the subordinate railway employees, generally, by the Central Advisory Committee on Railways and the Resolution was adopted by the House with only one dissentient voice, that of Sir Charles Innes, the Honourable Member for Commerce and Railways. In spite of this motion being adopted by almost the whole House, no effect was given to it. On the other hand the Government stated, in answer to interpellations, that not even a departmental enquiry would be ordered, but that the Railway Administrations concerned would remedy the genuine grievances, if any existed.

In this state of circumstances credit is due to Mr Greenham, the Agent of the Bengal Nagpur Railway, for having received a deputation from the representatives of the Union and given it a patient and sympathetic hearing. The chief grievances placed before him were fourfold.

One was the insecurity of service due to summary dismissals without any proper enquiry. The second was insufficiency of wages or pay. The third was ill-treatment of subordinate employees by subordinate officers. The fourth and last was general grievances.

The first head of grievances referred to dismissals of workmen from the Kharagpur workshop and of the chowkidars attached to the Station Committee at Kharagpur. The Agent instructed the Acting Chief Mechanical Engineer, Mr Bluett, who was present at the deputation, that he should enquire into the cases of workshop dismissals in the presence of the executive of the Union and as for the dismissal of chowkidars the Agent wanted that their cases should be discussed by the members of the Station Committee which consisted of some of the executive members of the Union and be disposed of by the Committee. As for the latter suggestion of the Agent, when the matter was placed before the Station Committee for discussion it was unceremoniously disallowed by the Acting Chief Mechanical Engineer, Mr. Bluett, the ex-officio President of the Committee. As for the dismissal of the workmen, no enquiry was held for about 25 days after the deputation and directions of the Agent. The workmen naturally grew impatient and passed a resolution to strike work and about this time, i.e., on the 20th December, there was the fifth annual meeting of the Indian Labour Union at Kharagpur and the disappointed workmen came resolved to press a resolution to strike work. But an hour before this meeting Mr. Bluett sent a letter promising to begin enquiry on the 21st December, i.e., the next day after this annual meeting. The Union representatives on the strength of this letter persuaded the employees to possess their souls in patience and not declare any direct action. Mr. Bluett on the 21st December classified cases of dismissal under two

heads, some as final and some as fit for enquiry, and adjourned the enquiry to 28rd December and from that day again to 3rd January. Again he did no work from 3rd January to 6th January and put off the enquiry from the 6th January to the 17th and no work was done again on the 17th January or till the 28th. In the meantime, the workmen resolved to have the strike on the 30th January. Mr. Bluett again had recourse to his old ways and gave notice on 29th January, a day prior to the date of the announced strike, that the enquiry would begin on the 31st January. On the persuasion of the Union the workmen again yielded and put off the strike. But with regard to the enquiry the same old story repeated itself and Mr. Bluett again postponed enquiry to the 3rd February and did not go into it. In spite of this attitude of Mr. Bluett the Agent made a statement recently in the Press that there was no grievance on the score of dismissals as he instructed Mr. Bluett to review the dismissals. I have drawn the attention of the House to the way in which Mr. Bluett enquired into the cases of dismissals and narrated to you how the enquiry was being conducted by him, and how he put off the same from day to day on the flimsiest of grounds or I may say without any grounds whatever. It is for the House to judge whether in these circumstances employees can expect any justice from Mr. Bluett.

It was also stated by the Agent in the same press communiqué that dismissed servants had an unrestricted right of appeal. I need not say much on this point as it is well known how dismissals are made on Railways and how appeals therefrom are summarily rejected by the authorities. And the statement made by the Agent in the Press in regard to dismissals is that only a small percentage of the workmen was dismissed. What matters is not the number of dismissals but the manner and circumstances under which dismissals are made. Summary dismissals without affording opportunities for explanation create panic and a feeling of insecurity of service among the employees.

Coming next to the insufficiency of wages or pay the Agent's statement in the Press shows that wages or pay range from 7 to 9 annas a day for unskilled labour, and 13 annas to Rs. 2 per day for clerks even with academic qualifications and some service. This is said to be sufficient to maintain these men with their families consisting of at least three members, a wife, a child and a dependent. A family budget presented by the workmen to the Agent shows that anything less than Rs. 20 for an unskilled workman and Rs. 45 for clerks would be a very insufficient wage. The Agent asked if that were true how these men were living all these days. They said they were foregoing all their necessities and living sometimes on one meal a day. The other argument of the Agent with regard to the insufficiency of wages was that the long list of applications for any vacancy on the Bengal Nagpur Railway is the best proof that service on the Bengal Nagpur Railway is eagerly sought. This, surely is no argument to deny the poor people a living wage. It is a matter of common knowledge that almost all lucrative appointments on the Railways are held by officers other than Indians, leaving to Indians but the crumbs, and the poor Indians have somehow to keep body and soul together, and therefore are forced to accept these offices however low and unremunerative the salary may be. In these circumstances I say that it is very unjust that the authorities instead of sympathising with the applicants should take advantage of the number of applications and argue simply that because a large number of applications have been received, therefore the wages are sufficient.

[Mr. Varahagiri Venkata Jogiah.]

Coming next to ill treatment, the Agent says that these relate to abusive language and trifling assaults, and that occasional cases of this sort are inevitable, that proved cases are severely dealt with and that the injured party are at liberty to go to court. I have not much time to dwell at length on the subject, so I shall refer you only to one case quoted in the statement of grievances presented by the employees on page 2. This was a case of a workshop employee who was assaulted in the presence of his co-workers while in an unconscious condition due to an attack of sunstroke. The statement says as follows:

"In spite of representations from the Union it has been found that instead of reprimanding and punishing the delinquents * * * there has been utter indifference shewn to such complaints. The case of Sukhalal, a workshop employee, who was dragged by the hair and kicked by Mr. Round in the presence of his co-workers while in an unconscious condition due to an attack of sunstroke and dismissed on plea of unsatisfactory working needs special mention."

Other cases of ill treatment are also given in the same statement on page 2. The question is not whether there was a large number of cases of ill-treatment, but it is whether any effective action is taken, with regard to the cases of ill treatment, against officers who have resorted to it. It is also stated that these men who were ill treated have their legal remedy and they can go to courts. It is no doubt very generous now to say and allow these poor employees the birth-right of every British citizen to go to a court of law, till lately even this privilege was denied to these poor men. Sir George Godfrey issued only 2 years ago an order in which it was stated that one railway employee cannot complain or bring a suit against another railway employee without his permission.

As for the general grievances, these are innumerable. The want of proper house accommodation for the employees and the way in which their requests are treated are well known. I will just give one instance of it. There has been a great scarcity of quarters for subordinate railway employees and about 150 of them built houses for themselves in a place called bustee and they were living there for the last 20 years. During the last communal troubles they were asked to leave those huts at very short notice. They prayed for more time, but the Secretary of the Station Committee refused this request and told them that unless they vacated their houses immediately, the houses would be burnt. It may be a strange coincidence that a few houses were really burnt and the people naturally associated the burning with the threat, and the poor employees who had been living there for 20 years with their wives and children had to leave the huts immediately. For some time, they had no hearths or homes, but, subsequently, some of them were provided with some kind of accommodation.

The present situation would certainly not have arisen but for the conduct of Mr. Bluett, the Acting Chief Mechanical Engineer. If he had carried out the wishes of the Agent there would have been no trouble whatever. When the workmen were very much disappointed and in a state of mind which would enrage any one, an officer was appointed to look after the housing of the employees and he directed the removal of certain fences before the quarters of the Indians. The latter protested against this, as this would deprive their families of privacy, and some of those who protested were suspended and some were dismissed. Mr. W. R. Naidu, a clerk in Mr. Bluett's office and a member of the Station Committee and a strong supporter of housing grievances and a joint secretary of the Union,

who had been protesting against the executive officer's methods, was suddenly transferred and placed under the executive officer. He appealed against this order to Mr. Bluett and stated that his interests would be prejudiced if he was placed under the executive officer whose proposals he had been strongly opposing. Thereupon he was fined.

Mr. President: Order, order. I know the Honourable Member has many more things to say but his time is up. The Honourable Member must resume his seat when the Chair rises. The Honourable Member's time is up.

Mr. Varahagiri Venkata Jogiah: Just one word and I shall close. Sir, when this trusted leader was transferred like this and placed under this executive officer, naturally the workmen resented it and struck work. After this, they wanted to enlist the sympathies of the traffic department and went to the station. Taking advantage of this, interested officials, magnified this conduct on the part of their workmen into an attack on the traffic men and the authorities called out the Auxiliary Force, which consisted of Europeans and Anglo Indians commanded by officers against whom the employees have often complained—and the force took to violence, and not only were workmen shot and bayoneted, but also the public who were present there. One poor man was bayoneted four inches deep from the nose to the palate and another old man, who was taking food to his son, was injured by gun shots. No warning was given beforehand that shooting would take place and no persuasion was resorted to for the men to disperse. Another

Mr. President: I cannot allow the Honourable Member to open another matter now.

Mr. Varahagiri Venkata Jogiah: With these words I move the motion.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions Non-Muhammadan Rural). Sir, my friend Mr. Jogiah has presented one aspect of the case, and he has presented it very lucidly, very clearly. My Honourable friend the Commerce Member I see is smiling and I believe acknowledges the lucidity of his speech. I saw him taking notes and we may expect a complete reply, if it is his wish to give as much information to this House as he has in his possession in regard to this particular matter.

Sir, it is a matter which very much concerns the peace of this country, for we have just emerged or more correctly we are about to emerge from a controversy of the protection of the steel industry. Industries mean industrial disputes, industrial crises, industrial developments, industrial upheavals and attendant on it the awakening of the industrial workers.

Sir, here we are dealing with the workers and the awakening of the workers, and I would expect the Government, which knows how labour disputes are dealt with in England, to treat Indian labour disputes in the manner in which English disputes are settled in England. Sir, the other day Colonel Crawford said the situation in Bengal was much worse than the situation in England during the coal strike. That was a hyperbolic statement, or was he talking as a prophet anticipating the present strike? Does he think the present strike has presented a situation much worse than the situation in England? Sir, in that huge crisis, when England was on the verge of a revolution, when England could not produce a single newspaper, a country in which newspapers have circulation in millions, even then the

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English police and the English military forces acted with caution: they acted with restraint. Sir, my friend Mr. Jogiah was about to deal with this aspect of the indiscriminate use of power. I would rather say the discriminate abuse of power. (Laughter.)

Sir, I have been put in possession of a document which I shall read to this House and I will leave it to subsequent speakers to comment on that document because, Sir, that is the basis of this motion for adjournment, namely, the manner in which the Auxiliary Force were let loose on our countrymen, the manner in which the companions of our friend Colonel Gidney were let loose on the comrades of Mr. Joshi. (Laughter.) Sir, I object most strongly to the manner in which this Government is perpetuating fratricidal strife in this country. Could they not have asked the European soldiers instead of Anglo-Indian auxiliaries to shoot down the Indians? Could they not have asked the Europeans instead of Anglo-Indians to bayonet the Indian workers? Why should they ask the Auxiliary Force, men most of whom have not gone abroad and not seen England, why should they be asked indiscriminately to commit all these excesses and create bitter feeling among the people? Did I hear Colonel Gidney say "Question"? (Lieut.-Colonel H. A. J. Gidney: "No, I did not!") I am very glad that Colonel Gidney appreciates my argument because he stands as a peace-maker between his community and my community unlike the Government which believes in the baleful maxim *Divide et Impere* and wants to divide even the Anglo-Indians from the Indians. Sir, apropos the present affray this is the document which has been placed in our hands by the Labour Union and some of the statements made therein are appalling:

"The railway officers arrived soon on the platform and began to attack the noisy strikers there. Mr. Bluett and Mr. Purkis were the first to start the assaults. The former squeezed a man by the neck and the latter whipped him and he was thrown down into the yard. Soon the people began to run away to avoid violence but some more people while running away were assaulted. The authorities seem to have employed some *agents provocateur*. One Mr. Pragdudd Tewari who was dismissed from service on account of the Union's representation on behalf of the workmen somehow got into the running crowd, raised a cry that one of their men was deadly wounded, excited the men and instigated them to throw stones. In the excitement all could not recognise the voice of the men and instigated them to throw stones. At once the police and the Auxiliary Force charged the men with bayonets and the men began to run away."

thus, Sir, illustrating the well-known policy of the Government which we have been condemning in this House, namely, bayonets for brickbats. Then comes indiscriminate whipping and the use of the butt-ends of rifles on the men who began to run away. Then comes indiscriminate locking up of persons including innocent passengers and also the *agents provocateur*:

"Mr. Pragdudd told the police that he was a spy of the authorities and requested them to verify the truth of it by a reference to Mr. Tyers, an officer employed in the workshop. At 1 A.M. that gentleman along with another European officer went to the lock-up and had Mr. Pragdudd and his accomplices released."

Thus, Sir, as the strike was growing they wanted to instigate violence by violence so that the superior violence of the authorities might come down on the men. That is always the way with the Government. That was what they did during the non-co-operation movement. That has happened again and again. It is no use my Honourable friends there, on the Government Benches, laughing. What I expect them to do is seriously to change this attitude of mind that some of their officials have got and to combat growing estrangement with all their power. We are supposed to be entering on spacious days, spacious times; therefore let us turn over a

new leaf. Even bureaucrats must recognize the rule "The old order giveth place to the new". I want the order of bullets for brickbats to change; I want the order of bayonets for brickbats to change. I want them to treat our lives in the same manner as Englishmen are accustomed to treat European lives.

Sir, I shall not take up any more time of this House as I believe there are other Members who want to take part in the discussion, but I would put it to the House, to Honourable Members on the other side of the House, in all seriousness to enquire into this matter, to go deeply into this matter and to make an example of one or two people who have let themselves go on this occasion, for a repetition of this thing can never be tolerated by the people of this country in these days. I am sure, Sir, the Honourable the Commerce Member who is about to leave the country would not like to leave it tolerating the terrible situation, the terrible havoc, that has been perpetrated in Kharagpur. I am sure he must be very unhappy over it and I believe it will be a crowning act of his career if he goes into the situation, takes it seriously in hand with the same facility with which at short notice he gave information to this House, on the important question, if he will go into the question in all earnestness and see that the manner in which things have been done here will not be repeated hereafter.

Lieut.-Col. H. A. J. Gidney (Nominated: Anglo-Indians): Sir, as I listened to the Honourable the Mover introduce the subject which is now before us I expected to hear from him a matter of urgent importance—one necessitating the adjournment of the House. What I have heard from him has been a catalogue of the grievances of railway employees, some of which are no doubt real but many of which are certainly not so. But, Sir, I think the best time to discuss these grievances is when we deal with the Railway Demands for grants next week.

I now turn to what was said by my Honourable friend Mr. Ranga Iyer. I know him to be an excellent companion in the lobby but I had no idea he was such a courtier and such an arrant flirt. He has certainly started flirting with my community. He calls it Gidney's community *versus* Joshi's. Might I ask what community does he represent? (Mr. C. S. Ranga Iyer: "The same community!") Well, why do you accuse Government of dividing us when you are doing it yourself. I am sorry, but I cannot respond to this attempt at flirtation. Personally I see the seriousness and the delicacy of the situation so far as my community is concerned and I regret the necessity which arose for the participation in it of my people who are in the Auxiliary Force. I put it to the Mover of this motion and to this Honourable House, if their property were attacked by thieves or their habitation invaded by rioters would they stand still and look on, or would they defend it and call in help if necessary?

Mr. N. M. Joshi (Nominated: Labour Interests): Whose property is it?

Lieut.-Colonel H. A. J. Gidney: I will answer that. I repeat when you have an angry mob of rioters invading the station, taking possession of the station, emptying it of the staff, and attempting to take possession of the cabin boxes—and God knows what they might not have done if they had not been stopped, because remember they had practically taken possession and control of the station—what do you think the railway authorities should have done under the circumstances and what would you have done? Sat down and looked on, endangering the lives of hundreds and thousands of passengers with the control of the traffic for miles, in the hands of an infuriated mob of ignorant rioters?

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhammadan Urban): Shoot them down!

Mr. C. S. Ranga Iyer: Bayonet them!

Lieut.-Colonel H. A. J. Gidney: Yes, Sir, if they came to take my property and endangered my life. To introduce this subject to-day in the manner in which it has been introduced and so to advertise the indiscipline of Railway Labour Unions, of whose political activities this strike is the result, and then to talk of the indiscipline and brutality of the Auxiliary Force and the officials who control it is, I submit, Sir, to put the boot on the wrong foot and a childish argument and procedure. It is the political influence exercised by outside politicians on the Railway Union that has created this trouble, otherwise why should a body of workmen, because one of their number is transferred, take it into their heads to go out on strike and become dangerous rioters? And why should we, as the legislators of this country, accept their version of the matter—adjourn this House and lightly call into question the power and action of the railway authorities and, in attempting to move a censure on Government, send out a message of encouragement to other railways to follow suit and so disorganise our railway administration?

Sir, I was one of those who supported the Resolution against Government asking for a committee to enquire into the grievances of railway men. I did so because in my judgment it was absolutely necessary. I am of the same opinion now and I would vote against the Government to-morrow if anybody moved a similar Resolution, but not if I thought it would lead to railway men taking the law into their own hands as this strike certainly indicates. Sir, I cannot but deplore the riotous conduct of these men at Kharagpur, but do not let this House encourage them in their folly. I know there is great insecurity of service in railway employment, but that is a subject on which I shall have something to say at the right time—when the Railway Budget is discussed. There certainly is insecurity of service. The dismissal, removal and reduction of railway men is controlled by certain rules of Government, but on both Company and State-managed Railways Government knows that some railway officials dismiss their men unjustly and with impunity. (*The Honourable Sir Charles Innes*: "No.") The Honourable Member may say "No", but I know it to be so. Here is a Home Department Order which states that in all dismissals, removals or reductions, Rule 14 of the Home Department Circular, dated 21st June, 1924, must be carried out; and I here state on the floor of this Honourable House that this order is ruthlessly disregarded. The Railway Board are aware of this fact and should see to it that it is carried out and not encourage men to do acts of indiscipline and court discontent.

Sir, I am not one of those who believe in strikes, because, I think that strikes hit the strikers the hardest; but I do appeal to this House not to pass this motion or to send out a message of encouragement to other railway workmen and unions to act similarly. You cannot administer a railway any more than you can a regiment unless discipline is observed. By discussing this motion in this House to-day we are doing nothing less, than encouraging these misguided men in indiscipline and insubordination, to the extent that you will disorganise our Railways in the same way as happened to the police during the recent Calcutta riots. I ask this House to come back to a sense of sanity and not to be controlled by the wild telegrams

that have come from the rioters and riotous areas on the Bengal Nagpur Railway. With these observations, Sir, I oppose the motion for an adjournment.

Sir Darcy Lindsay (Bengal: European): I deplore the decision of the House this morning for adjournment to consider this matter of the rioting at Kharagpur. It seems to me, Sir, that as my Honourable friend Colonel Gidney has just told us, it is most unfortunate that we should discuss a matter on the floor of the House which in my opinion may tend to encourage the rioters to continue in their evil way. What we want to do is to allow the Railway Company to take such steps as they can to bring the men back to reason and to work and then there will be no more of the rioting or the necessity for the police to repress the rioters.

Another matter which tends the adjournment is this. I regard it as a great waste of public time. We sat to-day to consider and pass a very important measure. Owing to this adjournment motion, the Bill has been further hung up, and my Group has asked me to protest against the waste of public time on adjournments for which we feel that there is no sound reason. I agree with Colonel Gidney that the Mover of the adjournment motion went into matters that had very little to do with the subject before us. He was discussing points of grievances that he could very well have brought up in the budget debate on the Railways. As to my Honourable friend, Mr. Ranga Iyer, I much regret the levity with which he treated what must be a serious subject. There was great laughter on that side as well as in other parts of the House and this I deeply deplore. It almost brings home to me the truth of what I have read in several papers that this noble building is referred to as the gas-works. I can now realise what is meant by gas-works. I thought it referred to its being a round building, but I am afraid it refers to other things.

Another point is, whom are we proposing to pass a vote of censure on? Is it the Railway Board? Is it the Government of India who have had absolutely nothing to do with this matter, or are we passing a vote of censure on the Local Government? It seems to me it is a matter for the Local Government whose officials directed the police to resist the action of the rioters and it was also the Local Government who authorised the calling out of the Auxiliary Force to protect the station and I do not think it at all seemly on our part to discuss what the Local Government have done before we know a great deal more about it. The Honourable Member for Commerce has been frankness itself in the information that he has conveyed to this House and I do think that we should have accepted his statement and not brought on any further discussion in the matter. On those grounds, Sir, I strongly resist this vote of censure.

Mr. N. M. Joshi: I assure you that when I am speaking on this occasion I am not speaking in a light-hearted mood nor am I actuated by any political feeling in making my speech. I also assure you that I am speaking with a full sense of my responsibility not only to this House but to the labour movement in this country. And I give you a further assurance that in speaking I have nothing but the interests of the workers at Kharagpur in my mind. Sir, the adjournment motion was made necessary because more than 10,000 workers are now in danger of being starved—not only the workers themselves but their wives and children. Is this not a matter which is urgent? Is this not a matter which is of public importance, and if this House is not going to consider a matter like this as a matter of

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urgent public importance and if questions of £. s. d., as one of my Honourable friends said the other day, are matters of public importance and not the lives of ten thousand workers—I say that this House will be failing in its duty, this House will be showing that it represents only those people who have got money, that it represents those people who care for money but do not care for the lives of human beings

The causes of the situation which has arisen were detailed by my Honourable friend, Mr Jogiah. The people at Kharagpur feel that their employment is insecure. They feel that they have been ill-treated by their superiors. They feel that they do not get sufficient wages. These grievances may be real, may not be real,—I am not discussing whether they are real or not. The question which comes up in this House this afternoon is whether the authorities who are in charge of the Bengal Nagpur Railway have dealt with the employees in a manner worthy of their responsibilities and I feel that they have not done so. Mr Jogiah has clearly explained that the employees of the Bengal Nagpur Railway expressed their grievances, made representations, sent memorials and sent deputations to the railway authorities first about the middle of November. It is now more than three months since the first deputation was sent and during these three months the employees of the Bengal Nagpur Railway have not got redress. If a large number of workers who are illiterate, who are almost starving cannot feel exasperated after waiting for three months, what can they do, I ask the Honourable Members of this House. If they themselves had been getting Rs. 9 a month if their employment had been insecure, as the employment of these railway workers is, and if after patiently waiting for 3 months they do not secure redress, what will they do? Sir, I am not one of those people who like workers going on a strike; much less do I like workers going on a lightning strike. But when I think of this matter, I think of the illiteracy of the people. Are they responsible for their illiteracy? I think of their unorganised state. Are they responsible for being unorganised? Sir, it is the Government which has kept them illiterate and ignorant and has denied education to them. If these people had been educated they would not have gone on a lightning strike; they would have gone on a strike in as orderly a manner as the English workers do. The immediate cause of the strike has been described by my Honourable friend Mr Jogiah and I do not wish to go into that matter. But the matter which this House has got to consider is this, whether it was right for the railway authorities to use not only the police but the Auxiliary Force.

The Honourable Sir Charles Innes (Member for Commerce and Railways) On a point of order. The Auxiliary Force was called out by the District Magistrate and not by the railway authorities.

Mr. N. M. Joshi: I am speaking of the Government of India. Is not the Government of India responsible for the use of the Auxiliary Force?

The Honourable Sir Charles Innes: At any rate the railway company is not.

Mr. N. M. Joshi: It is said that property was attacked. But where is the proof that any houses were broken or set on fire. We know that the only thing admitted is that some people went to the platform. If some people went to the platform, you had your legal remedy. You should

have served warrants on them. (Laughter.) Certainly, if any other man goes there, he is not shot or bayoneted. There is a further objectionable feature of the action of the Government of India or the agents of the Government of India. Now, who are these Auxiliary Force people. They are the officers of the Railway under whom these people are working. Is it a sound principle that the employers should be given the power of the military when their employees either go on strike or are locked out? It is the officers of the Railways who form the Auxiliary Force. They may be Anglo-Indians or Europeans or Indians. I do not care. It was wrong on the part of the Government of India and it was wrong on the part of the Local Government to use the employers against the employees during a strike and to arm them with bayonets and with fire-arms. Sir, the people were shot and they were bayoneted. It is said that the injuries are slight and not serious, but the point remains. Is it right that when people go on strike or are locked out Government should at once use the military to put them down? Is it done in any other country in the world? It is done in no other part of the world. Why is it done in India? This is not the first time in which the military has been used. I have seen the military and the police firing and using these deadly weapons not only in Kharagpur but in many big strikes. There is hardly any big strike in which the military is not called out, in which the military do not fire and use these deadly weapons. Is it right that the Government of India should allow such things to be done in the name of law and order? There are Governments in other countries maintaining law and order but they do not use the military during a strike. I want to ask the Government whether they realise their responsibility as the Government of this country towards the poor workers at Kharagpur. If they do so, I appeal to them to institute an impartial inquiry into the causes and incidents of the strike and let them find out whether shooting and the use of bayonets was necessary. If the committee decides that the workers had done things which people in other countries do not do, then certainly the public will know whether these people who used fire-arms were right.

Then I would like the Government of India not only to make an inquiry into the incidents of the shooting but I would like the Government of India to go into the root cause of this strike. Let them find out why this strike took place. Let them appoint an arbitrator. Industrial disputes take place in all countries in the world. They do not take place only in India but it is only in India that the workers have no remedy either from the Government or from the public against their employers. If such a dispute had arisen in England, I am quite sure the Government would have moved. They would have appointed a committee to inquire. They would have appointed a conciliation board. There are several kinds of machinery available in England and in other parts of the world whenever disputes arise. But in India no such remedy lies with the workers. The agent is considered to be responsible for everything. Is it right that the Government of India should act as the government of a barbarous or uncivilised country? I ask the Government of India whether it is right that the workers in this country should have no opportunity of having their disputes with the employers settled by means of conciliation or by means of arbitration. Only recently a dispute arose on the South Indian Railway and the dispute was settled very easily by one of the Members of this Assembly who is sitting on the Government Benches. If the Government of India had appointed an arbitrator like the one who was appointed by the

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South Indian Railway I am sure this dispute would have been settled. May I ask, Sir, if the Government had failed in their duty some time ago, if they will mend matters now. Let them appoint an arbitrator, let them appoint a committee of inquiry to go into the causes of this strike and I assure you this strike will end in no time. I assure the Honourable the Commerce Member on behalf of the workers of Kharagpur and I assure you, after full knowledge of the men who are working there, that they are not actuated by political motives as Colonel Gidney has said. The president of the Union is Mr. V. V. Giri, son of Mr. Jogiah, who had the honour of moving this adjournment—a man who is very mild, very peaceful and very reasonable, perhaps I may say more mild, more reasonable than I shall be or I am. When the Union is under the control of a man like Mr. Giri, I am quite sure the men will be reasonable. But how can the men be reasonable when the other side is unreasonable? I therefore appeal to the Honourable the Commerce Member to take steps to appoint some arbitrator and find out some machinery by which the grievances of the workers will be inquired into. It is no good merely saying that the Agent will look into the matter. The Agent has failed in his duty and I hope the Government of India will not fail in its duty but if the Government of India fails in its duty, I want to ask this House whether it is going to fail in its duty. If the Honourable the Commerce Member does not promise to appoint an arbitrator, or does not promise to appoint a committee of inquiry, this House will not fail to pass this vote of censure upon a Government which fails to do its duty towards its subjects.

The Honourable Sir Charles Innes: I think that I have got some complaint in respect of this motion for adjournment. Ever since this unhappy occurrence I have made it my business to keep in touch with my friends Mr. Joshi and Mr. Jogiah and I have done my best to give them all the information that I have got as soon as possible. I was perfectly willing to work with them as far as I could and what is the reward I have got—a motion for adjournment, a vote of censure upon the Government, and that, Sir, at a time when admittedly neither the one side nor the other is in full possession of the facts. I venture to say that these motions for adjournment are getting too common. It is becoming a matter of daily occurrence and my Honourable friends opposite use their big battalions to move votes of censure upon Government. And what is the inevitable result?

The inevitable result will be that we shall cease to take any notice of these so-called votes of censure. This is my 14th Session in the Legislative Assembly. It is a body that I have the highest respect for, and I do think that the Legislative Assembly will be well advised to make sparing and reasonable use of weapons which ought to be got out very seldom.

Now, Sir, let me get back to Mr. Jogiah's motion. I understand,

5 P.M.

Sir, his position is that he wants to censure the Government in order to draw the attention of this House, first, to the conduct of the railway administration in disregarding the grievances of railway subordinates. Now, Sir, I will meet him at once on that ground. I say that in five and a half years' experience of administration of the Indian Railways, I have never yet had a case where the Agent of the railway has so gone out of his way to extend sympathetic and considerate hearing to the grievances put before him by his Union. In November

last the Agent met the Committee of the Union; the Committee of the Union produced a statement of some 50 pages of print and the Agent spent $5\frac{1}{2}$ hours in going through each and every detail of that statement. Naturally he could not in the course of even $5\frac{1}{2}$ hours immediately deal with each and every point raised, and consequently the Agent promised that he would send a detailed written reply, and he did. On the 18th of January he sent to the Union a long reply on every one of their grievances. I have not got much time and I cannot go into each of these grievances, but let me just show how far the Agent has gone in trying to work with this Union—and mind you, one of the main complaints is that Agents will not work with their Unions. Here you have a case where the Agent has been working with the Union throughout this matter.

One of the complaints they made was what they call insecurity of service, and the Agent in consultation with the Union devised a new procedure. Notice of inquiry together with a charge sheet will be sent to the Secretary of the Union and the President of the Union if desired stating the date and time of the inquiry to be held so as to enable them to attend if they wish to do so. There are some Members of this House, Sir, who might think that the Agent has gone too far in the way of meeting the Union, but at any rate it shows the Agent has gone a long way to meet the Union in dealing with this grievance of insecurity of service. Then again, Sir, they complain of insufficiency of pay. Well, Sir, what their complaint was was that they wanted increases of pay ranging from 100 to 150 per cent. The Agent—unfortunately his line is not doing very well at the moment and he was not able exactly to meet them in that matter—but he did promise that wherever the minimum wage in any particular case seemed low he would go into the matter. Now, Sir, if the House is going to censure me for the railway administration not paying proper attention to the grievances of the subordinate employees on this railway, they are going to censure the Union of the Railway itself that Union which is presided over by Mr. Jogiah's son. When the Agent gave this reply to the Union the Union had a meeting and they definitely decided that they would not strike, and the Union officials I am glad to say—and I am sure Mr. Jogiah will bear me out always did their very best to prevent this strike coming off. Now if the Union was satisfied—at any rate they decided they would not strike—what right has this House to censure the Government because the Agent has not given a satisfactory reply to these men and because he was unsympathetic in his attitude?

Then, Sir, let me come to the next ground on which the Government are to be censured. We are going to be censured because of the action of Government in calling out the Auxiliary Force. Now, Sir, after the Union in a formal meeting had decided that they would not strike, and after the matter we hoped had blown over altogether, this very unfortunate occurrence of this man, Mr. Naidu, who is a clerk in one of the offices in Kharagpur and who is also the Secretary of the Union, occurred. Mr. Naidu was transferred from his office to work under the Executive Officer in the Housing Department in order to assist in the allotment of quarters. That is one of the grievances of the Union and the railway authorities definitely thought that they were doing the Union a service in appointing the Branch Secretary to assist in this matter. But the order was unfortunately worded. Mr. Naidu thought that he was being transferred permanently and that it was a case of what is technically known as victimisation, and that occasioned further trouble among the men. I have already

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told the House of the fact that as soon as the matter was brought to the notice of the Agent, he cancelled the fine imposed on Mr. Naidu and directed the order to be explained to the workmen, that there was no victimisation and no permanent transfer of Mr. Naidu and that he was merely being asked to assist the Executive Officer in the allotment of quarters. Upon that the men went back to work.

Sir, Mr. Joshi talked of these ignorant and illiterate men. I will not go into the question of who is responsible for that. But, Sir, I agree that this ignorance and this illiteracy on the part of our railway workers is a real danger. And why is it a real danger? Mr. Joshi can answer that question and Diwan Chaman Lal can answer it. It is a real danger because we get coming down to Kharagpur gentlemen from Calcutta—I will not mention their names—but they are gentlemen who are out to advertise themselves, to advertise themselves by stirring up trouble on the Railways and by stirring up trouble between capital and labour, and they work on inflammable and dangerous material. This is what has happened in this case. A few days after the whole matter had blown over they had this meeting on the 11th February. I do not know what happened there, but apparently the whole question of this man Naidu was brought up again, and the whole meeting burst out of the meeting hall and rushed to the station; they attacked the signal cabins; they stopped trains from moving and stopped work in the yard, and Mr Joshi says no property was attacked! Mr. Joshi and Mr. Ranga Iyer think that the officers should have done nothing but serve warrants or writs or whatever the correct term is on the mob! Sir, let Mr. Joshi be sensible. Let him try to realize the difficulties which a District Magistrate or any District Officer meets on occasions like that. Let him try to think of the difficulties he has to face. In all my service I have never myself had to deal with a riot of that kind, and whenever I have heard of a District Magistrate or other District Officer attacked for what he has done in a difficult state of things of that kind, when he has to make up his mind on the spur of the moment and has to stand the racket of his decision if it is wrong, I say to myself, "There but for the grace of God goes Charles Innes". And that, Sir, is what I should like every Member of this House to say. Then, Sir, Mr. Ranga Iyer suggested that all would be well if Government would only dismiss somebody, somebody connected with the action taken at Kharagpur. And, Sir, my reply to Mr. Ranga Iyer is that, as long as I am a Member of the Government of India, no district officer in India will be punished or penalized for trying to do his duty in circumstances of that kind (Applause.)

Sir, I regret this unfortunate occurrence as much as anybody. I do not say it is unfortunate that the bayonets had to be used, but I am assured by the Agent that the only alternative to the use of the bayonet was the use of fire arms; and had fire-arms been used we should have had a much worse situation. After all what was the damage done? Twelve wounds of a superficial kind, just little pricks. Three of them were rather more serious, but even so not very serious.

Mr. N. M. Joshi: What was the damage done to the railway station?

The Honourable Sir Charles Innes: The damage done to the railway station was that a disorderly mob of men had taken possession of the station,

were holding up the station staff and trying to put the signal cabins out of action. We, who are responsible for the running of the Indian railway system, know the grave danger of a situation of that kind. Let me get back to the facts. I am sorry I have got warm but I think Mr. Joshi deserved it. As I understand it, this motion of adjournment is to censure Government because of the calling out of the Auxiliary Force and because of the use of force on the Kharagpur platform. Mr. Jogiah and Mr. Ranga Iyer have given you one version of the case. I have given the version which has been supplied to me by the railway authorities. It may be that the two versions do not actually square, but how are we going to decide which of the two versions is correct? And that is why I say, Sir, that it is absolutely wrong for this House to pass a motion for adjournment to-day and to censure Government when admittedly they do not know the full facts. Mr. Joshi suggests that I should appoint a committee of inquiry. Sir, if Mr. Joshi had wanted me to take action, I would suggest that it was wrong for him to associate himself with any motion of censure of this kind. I suggest that the real danger of a motion of censure of this kind, which no doubt will be carried—I see all the serried ranks in front of me—is this. You have what Mr. Joshi calls these ignorant, illiterate men at Kharagpur. They will misunderstand any action of this kind to-day. Mr. Joshi called them “starving”. Let this House see to it that they do not prolong that starvation by passing this motion. (Applause.)

Mr. Chaman Lal (West Punjab: Non-Muhammadan): Sir, I regret very much the difficulty in which Sir Charles Innes is placed in view of this motion for adjournment, but I submit, Sir, that we are quite within our rights in moving this motion for adjournment because of the seriousness of the situation at Kharagpur. We may not have all the facts, we may not have very detailed information, but I say, Sir, we have enough facts to justify our action; and the action that we intend to take in moving this motion for adjournment is to censure the local agents of the Government in resorting to the bayoneting of the strikers there and opening fire upon them. That is a definite matter for investigation by the Government. It is a definite matter which we on this side of the House know very well is of supreme importance and I have yet to hear one word of regret from the Honourable Sir Charles Innes

The Honourable Sir Charles Innes: I did express regret.

Mr. Chaman Lal: I say, Sir, there was no need for Colonel Gidney to take a view of the situation which I might call the button-hole view (Laughter),—the sort of hoity-toity attitude that he adopted towards the Indian workers. He himself seems to take for granted that these workers were rioting. On his own statement he has told us that he wants more information regarding the strike. He wants more information regarding what he is pleased to call rioting, and yet that does not prevent him in the least from calling these men “rioters”. What are the facts? Were they rioters? I deny the charge. I say they were not rioters. The information placed before the House does not convince any man that these men were resorting to any form of riot. Here is a statement I have.

Lieut.-Colonel H. A. J. Gidney: Were they out for a picnic?

Mr. Chaman Lal: They were out to be made the targets of your bayonets.

Mr. President: Order, order. Honourable Members must address the Chair.

Mr. Chaman Lall: Sir, I will address the Honourable Member through you: they were out in order to be made the targets of the bayonets of the members of the Auxiliary Force. Then the Honourable Sir Charles Innes made the statement that the Auxiliary Force has nothing to do with the railway. May I ask the Honourable Member whether the head of the Auxiliary Force, Colonel Anderson, is not the Executive Head of the Station Committee? Is he or is he not connected with the Railway Administration?

The Honourable Sir Charles Innes: What I said, Sir, was that the Auxiliary Force had been called out by the District Magistrate and not by the Railway.

Mr. Chaman Lall: Was he the head of the Auxiliary Force, and was he not a railway man?

The Honourable Sir Charles Innes: I do not know.

Mr. Chaman Lall: The question, Sir, is a very pertinent one because you are resorting to these methods by which you intend to cow down the Indian worker. It is most disgraceful that the Indian workers should have been treated in this abominable fashion. I say, Sir, that no man has any right to take the law into his own hands. (Hear, hear.) No man has the right in this fashion to take the law into his own hands to the detriment of other people's lives; and if Honourable Members do not understand that, they will understand it because they are in my opinion setting a very bad example to the strikers and workers of this country. If you, on the slightest provocation, turn round and use your bayonets on strikers, the only remedy then in the hands of the strikers is to use those same fire-arms and bayonets against you. Is that a delectable state of affairs? Do you consider that a desirable state of affairs? You are setting a very wrong example to the strikers. The only remedy they will have is to follow the same example. What are the actual facts? Here is a statement by the Agent himself. He does not say that there was any necessity to resort to fire-arms or to bayoneting on the ground that these men were out of hand or were indulging in stone-throwing. He does not say that. What he says is that "owing to the violence of the strikers" (Laughter)—Honourable Members will laugh with the other side of the mouth when they hear the rest of it—the Agent says that "owing to the violence of the strikers, who invaded the Kharagpur station"—where is the statement in which these men were said to be indulging in stone-throwing, because the only ground advanced for the use of fire-arms and of bayonets against these workers was that these men had indulged in stone throwing? But it is alleged they merely invaded the station! (An Honourable Member: "How many?")—400 of them are supposed to have invaded the station. "On Friday the District Magistrate was present and ordered the mobilization of the local contingent of the Auxiliary Force, and the station was cleared without resort to firing." Had there been any damage to property done by them? No. Was any official hurt? No. And yet they cleared these men from the station premises with their bayonets, wounding several of them. We say, Sir, that they had no justification whatever. We do not wish to attribute any ill motives to the Government since the bayoneting was not by order of Honourable Members opposite, but we do attribute

very serious motives to the men on the spot, and we are bringing in this motion for adjournment with the idea that you must institute an inquiry into the conduct of the local officials who resorted, or who allowed the District Magistrate and the volunteers to resort to, this sort of action. Now even under the law the right of private defence is given, but when even an official exceeds that right, the remedy is in the hands of the private citizen. There is not the slightest doubt that even under the law the position is perfectly clear. Did the men on the spot, the officials who were under the orders of the District Magistrate, have any justification whatsoever in resorting to this extreme step? Did they have any justification? We want the facts about that. We want you to institute a proper and impartial inquiry.

Then, Sir, all the facts point to this, that there was really no justification, as far as we have been able to gather. If there was, why did the Government resort to the censoring of messages from Kharagpur? For days we were without information; for days we could not get at the facts. We had to postpone our motion for adjournment day before yesterday. The Honourable Member knows that. (Laughter.) I regret very much that the Honourable Members opposite are taking this matter so very lightly. It is not a matter to be taken lightly. Whenever Indian workers are being treated in this fashion (Laughter)—no doubt Honourable gentlemen on the opposite side can laugh, but it is not a matter for laughter at all as you will learn to your cost if you do not pay sufficient attention to the manner in which local officers are behaving towards the Indian workers. Sir, I call attention to the fact that the reports in the newspapers point to this that there could have been no justification for the action taken. There is the very suspicious factor, as I pointed out, of the censorship. Why should there have been any necessity to censor messages? Why was there any necessity? Where was the necessity for prohibiting meetings of these workers under section 144 if all that you had done was done with a clear conscience? I say, Sir, that what was done was not done with a clear conscience. It was highhanded action, tyrannical action, and the result of that was that many of these workers were bayoneted and some fired upon. I hold in my hand a telegram which arrived this morning from the President of the Association. He says:

"Strike stiffening and spreading. Strikers observing strictest non-violence (Laughter) despite intimidation by Auxiliary Forces. Union signboard thrown away. Union flag found Monday in Indian women's latrine. Great indignation prevails, also threats of eviction from quarters, threats of non-payment of wages due for January inform Members Assembly pray fight just cause."

The Honourable Sir Charles Innes: I understand the wages have been paid.

Mr. Chaman Lall: I am very glad to hear that.

"Oblige issue appeal financial support strikers' families immediately. Goswami and other leaders here studying situation. Reply to Chaman Lall's wire Union version from evidence received as follows—cabin captured by Auxiliary Force, not by strikers (Laughter)."

The Auxiliary Force volunteers rushed to the cabin because they thought that the cabin would be in danger if they did not go and occupy it and from that cabin they did start against these workers with their bayonets and they did use their fire-arms.

"Evidence shows persons shot not by police but Auxiliary Forces. No deaths; four-wounded persons in hospital. Twelve treated; others received minor injuries."

[Mr. Chaman Lal.]

Now, Sir, this is a very definite statement and I want to draw the attention of the Government to the statement, because I find that Honourable Members are not quite taking this matter as they should be taking it. We, on our side, feel that although Sir Charles Innes considers the motion for adjournment should not be used as often as it has been in this Assembly, we have no other way of bringing effectively to the notice of the Government such brutal treatment meted out to the workers as has been meted out to them at Kharagpur. We have every right to bring to the notice of both the public and the Government matters of this kind in this particular manner. Sir, there is no doubt that Sir Charles Innes is afraid that men coming down from Calcutta would stir up trouble at Kharagpur. If there are men going down from Calcutta—one Honourable Member of this Assembly, Mr. T. C. Goswami, has already, I understand from the telegrams I received, gone down to Kharagpur,—if he is going down there, he is going to investigate the true causes that have led to the strike and the true causes which have resulted in the firing, and the true causes which have resulted in the bayoneting of the strikers. Is that a very wrong thing for an Honourable Member to do in pursuance of his duty? I say no. You can turn it into political capital for your purposes. You can prevent these men from going to Kharagpur but I say that Honourable Members over there are ultimately responsible for preventing the spread of information and news from that quarter. To us here what other course is open except to get correct information, and that is being made political capital of by my Honourable friend. I say, Sir, a very grave wrong has been done to the workers at Kharagpur. My Honourable friend related the story as to how the strike was called off last time. He does surely know that the strike was called off because at the very last moment when the general meeting was being held the Agent sent information that he would hold an enquiry into their grievances. The men were not satisfied with the sort of enquiry that was held and insisted upon a joint enquiry which, to this day, has not been given to them. That is the reason why the strike was called on. There are other grievances of the men which I need not go into, grievances of whatever kind they may be; yet the fact remains that in pursuance of their policy of intimidating workers, the local officials have been guilty of assaulting those workers with the bayonet and by firing upon them, and that is a policy which ought to be condemned by this House, that is a policy which no civilised Government ought to condone. Has England ever, even in the case of a general strike, permitted such action to be taken without some sort of a public enquiry being instituted afterwards? Here what we ask you to do is this. In justification of the position which Honourable Members have taken up what we ask, Sir, the Government to-day is to institute a judicial enquiry into the firing upon the workers and the bayoneting of the workers, and that is the only thing that will satisfy Members on this side of the House. All that we ask you, as my Honourable friend Mr. Joshi has asked Honourable Members over there, is that they should institute an impartial enquiry into the grievances of the railway workmen of the Bengal Nagpur Railway. Those are the two crucial points and I cannot see why Honourable Members sitting opposite should object to our demand for an impartial enquiry into these two matters; and it is because we know that they have not the slightest intention of instituting any impartial enquiry into these matters that we are now pressing our motion for adjournment in order to censure the action of the Government

in this behalf. If my Honourable friend is prepared to give me that assurance on the floor of this House, I am certain Honourable Members on this side will be prepared to withdraw this motion—if he is prepared to give an assurance that an impartial judicial enquiry will be held into the bayoneting of these workers and that an impartial enquiry will be held into their grievances. I do not know what the Honourable Member intends to do. But we are convinced that he does not intend to do this, and it is because we are convinced of this that we intend to press this motion to its logical conclusion.

And finally, Sir, I want to add one word, and that is, whatever may be the views of my friends over there, I want my European and Anglo-Indian friends to remember this, that no Indian life should be treated lightly. I want them to remember this.

Sir Darcy Lindsay: Who wants that they should be treated lightly?

Mr. Chaman Lal: In that case I hope my Honourable friend will be voting with us in this lobby. On the other hand, I want them to remember that there is such a thing as humanity, that there is such a thing as civilisation. Let us not turn ourselves into mere brutes, mere beasts, by condoning the action of the Dyerites of Kharagpur. Let us behave as civilised mortals and let us, when the wrong has been done, try our best to right that wrong.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I do not want to detain the House with many observations, but I must make a few remarks on one aspect of this case. Singularly unfortunate as this motion for adjournment was to-day from the point of view of Government business, I think possibly it may have good results if it has convinced the House of the danger of moving motions of adjournment of this character in matters which are not the direct concern of the Government of India. It can only result, as it has to-day resulted, in statements being made which must prejudice the position of those who have taken action in preserving law and order. It would be singularly unfortunate if this House should take up the position that whenever there is a riot anywhere in British India—it does not matter whether the rioters are railway workers or anybody else for it must be supposed that we cannot differentiate between rioters who are railway workers and rioters who are agricultural labourers—the adjournment should be moved. Is there any special sanctity attaching to railway workers rather than agricultural labourers, whom my friend Mr. Joshi was not so anxious to defend the other day?

Mr. N. M. Joshi: When?

The Honourable Sir Alexander Muddiman: My Honourable friend well knows when. If this House takes up the position that whenever a riot occurs and there is collision between the police or other forces of law and order, it is right for the adjournment of this House to be moved. If so it will create a serious position. Let us look at it from the broader constitutional point of view. There is the Government of India and there is the Central Legislature. Matters agitated in the Central Legislature should be matters which concern the Government of India. There are Provincial Governments and there are Provincial Legislatures and the matters to be agitated in those Legislatures should be matters which concern those Governments. I submit to this House that it will be extremely unwise to take any other view. If by bringing motions of censure

Mr. M. S. Aney (Berar Representative): On a point of order, Sir, when this question was first raised, this was the very objection taken that the question was one relating to the province and should not be discussed here. The Chair has ruled that this question could be discussed here. Is the Honourable Member in order in pointing out the same objection again?

Mr. President: The Chair had ruled that it was not for the Chair to disallow this motion on the ground that it did not relate to a matter which was the primary concern of the Governor General in Council. On that ground the Viceroy alone could interfere and the Chair had no power under the adjournment rules. Beyond that the Chair did not go and it was quite open to the Honourable Member to point out to this House to vote against a motion relating to a matter of provincial concern. In doing so, the Home Member was not in any way questioning the ruling of the Chair.

The Honourable Sir Alexander Muddiman: I am obliged to you, Sir. Nothing was farther from me than to question your ruling. You have expressed my position entirely accurately. I seriously ask this House, apart from the merits or demerits of this motion, to deprecate the exercise of this power. If it does not, it will get itself into a very unfortunate position, and that, Sir, is what I have to say on the general constitutional position.

I now turn to the contention that undue force was used on this particular occasion. Now, Sir, we have the statement that Sir Charles Innes has given to this House. He has given all information to the House in a most frank way. He has agreed to answer short notice questions. He has made a statement and placed at the disposal of the House all the information he had. I submit he has treated the House very well in that matter. On the information given, what do we find? We find that these people came and occupied the station platform. They then proceeded to try and take possession of the Signal Cabin. I ask this House to consider what is the result of having a mob in a Signal Cabin? Who is going to suffer? I will tell the House who is going to suffer. It is the innocent passengers in the trains, and those will not be Anglo-Indians or anybody else but the general class of passengers. I cannot imagine anything more dangerous than the occupation of a cabin at a big railway junction by a mob.

Mr. Chaman Lal: Bayoneting took place in the railway yard.

The Honourable Sir Alexander Muddiman: The next point I notice is that with singular celerity the leading officials of the place were present. Almost immediately apparently after the mob got on to the platform the District Magistrate and the Superintendent of Police and other officials arrived. They went and told the crowd to leave the platform. They endeavoured to persuade them to do so; they succeeded in clearing the place as far as the motor car landing on the Midnapore platform; they were unable to go any further. And why? Because they were stoned with ballast. Is there no violence in that? Is a stone on your head no violence? Mr. Dalrymple was hit on the head with a stone. Others were also struck. Does my Honourable friend opposite say that there was no violence by the mob?

Mr. Chaman Lal: After the bayoneting.

The Honourable Sir Alexander Muddiman: Is that peaceful persuasion? It was not after the bayoneting. It was before the bayoneting. The

District Magistrate therefore authorised the calling out of the Auxiliary Force and the Armed Police. The crowd at this time obviously getting out of hand was making an attempt to enter the signal cabins. After the arrival of the Auxiliary Force on the platform, orders were issued to clear both ends of the station yard and to place guards there. This was after officials holding high rank had been assaulted with stones and after every alternative had failed. That is the statement I have here. My Honourable friend may have a better statement somewhere else. The information we have had we have supplied to the House and the information not only justifies the action taken but in my opinion was very correct action. It is said, "We do not want to censure the Government of India, but the man on the spot." What do you want to censure the man on the spot for? What is the use of censuring the man on the spot if he has done his duty? What will happen if you do so? There will be not one District Magistrate in India who will not feel that this House is not behind him in the discharge of his functions. What will the result be? The next time you have a riot, say at Rawalpindi, and the forces of law and order have to operate they will do so with a feeling that the Legislature of this country does not wish to support its officers in their plain duty.

Mr. Chaman Lall: How many people were bayoneted at Rawalpindi?

Mr. President: The Honourable Member does not give way. Sir Alexander Muddiman

The Honourable Sir Alexander Muddiman: Sir, Mr. Joshi let the cat out of the bag this morning. When speaking on a point of order, he took a point of argument. He said "What we want to do is to censure Government", censure regardless of whether the Government ought to be censured or not.

Mr. N. M. Joshi: Censured because Government have failed in their duty.

The Honourable Sir Alexander Muddiman: You said you wanted to censure Government whether they failed in their duty or not.

Mr. N. M. Joshi: Because Government have failed in their duty.

The Honourable Sir Alexander Muddiman: Mr. Joshi said the men were starving. Sir Charles Innes has informed us that they had received their pay.

Mr. N. M. Joshi: Rs. 9 a month

The Honourable Sir Alexander Muddiman: Pay, small or large, they got

I do not wish to detain the House further. Sir Charles Innes has dealt with the main question very thoroughly. My main contentions are these: this is a matter, in so far as the police side of it is concerned, which ought to be dealt with by the Local Government and not to be considered in this House, and as far as these papers go, they show nothing to deserve censure on the district authorities. (Applause.)

Mr. President: If the Honourable Member really thought that the motion related exclusively to a matter which was not the primary concern of the Governor General and therefore it was not proper for this Assembly to raise a debate on it, what prevented him from moving the Governor General to disallow it?

The Honourable Sir Alexander Muddiman: We did not go to His Excellency, Sir, because we did not think it necessary.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, it is with great regret that I rise to say anything in this debate. My regret is due to the fact that in the unfortunate discussion of this unfortunate incident a great deal of heat has been imparted, which I sincerely wish had been avoided. The occurrence was a most regrettable one, but the discussion of it has been, I am sorry to think, more regrettable because the question has not been approached in that spirit of calm consideration which the situation demanded. I wish to say at once that I am generally opposed to strikes. Every time anybody has approached me after a strike has been started, I have advised that the strike should be ended as early as possible. I do not like to encourage anyone in the matter of strikes, and therefore what I am going to say should be taken as coming from one who is anxious that there should be no strikes, for strikes mean a great deal of injury not only to the public but also to the men who go in for it. Sir, there are certain points which have been raised which call for consideration. Speaking personally I do not wish that this motion should be regarded as a motion for the censure of the Government of India. I think this should be regarded as a motion to give an opportunity to Members who feel deeply in this connection to express their feelings to the Government, to ask for further information and to suggest means as to how this matter may be dealt with. So far as the question of the Government of India not being directly concerned is concerned, I submit that that point might well be waived. The Indian Auxiliary Force was used, bayonets were used, firing was resorted to. Those are unfortunate undeniable facts and they occurred in connection with the administration of a railway which is a Central subject. I therefore hope that the Honourable the Home Member and the Honourable Member for Commerce will recognise that there is justification for this House desiring to draw attention to the events that took place, and I wish that the motion should be regarded as merely one for drawing attention to what has taken place with a view to pointing out what calls for further enquiry and what requires further action.

Mr. President: I may point out to the Honourable Member that a motion for adjournment, if carried, amounts to a vote of censure on Government. It can have no other meaning.

(*An Honourable Member:* "Withdraw it.")

Pandit Madan Mohan Malaviya: Technically that is so. (*An Honourable Member:* "It is meant to be a motion for censure".) And my friend on my right says that it is meant to be a motion for censure. Yet I wish to make it clear that so far as I am concerned I regard this not as a motion of censure but as one affording an opportunity of giving expression to the feelings which are entertained by many Honourable Members of this House, and to draw attention to facts which might help Government and the public and the strikers to arrive at a proper solution of the unfortunate situation, and treating it as such I shall say just a few words more.

I do think that the men were ill-advised in going in the numbers they did to the railway station. At the same time I think that those officers who were present there, whether they were railway officers or the District Magistrate, acted in unwise and unjustifiable haste in calling out the Auxiliary Force and in ordering or allowing the use of the bayonets and firing. I

submit that judging from all that I have heard and read the men who went to the railway platform evidently went with the idea of asking their fellow-workers to go on strike. If I were convinced that they went on to the railway platform with a view to resort to violence, I should not be taking up the time of the House, and I submit that there is one important fact which the Honourable Member will take note of in that connection. Not a single injury to any railway material or property has been even alleged. If the men were prompted by any desire to cause any wrongful loss to the railway or to resort to lawless violence, we should have heard of some injury done to some railway property there. But we have not heard of any injury to any railway property. Is it therefore unreasonable to ask the Honourable Member for Commerce to infer that the object of the men in going on to the railway platform was to inform their fellow workers that they wanted them to go on strike? I submit it is perfectly legitimate, reasonable, permissible for a man to ask a fellow-worker to go on strike. The action may be wise or unwise, but it is permissible, and if that was the whole object of the men who went to the station, I submit there should have been more patience exercised on the part of the authorities. I regret there was a want of patience—a want of sufficient restraint shown by the men, but I do regret at the same time that a greater amount of impatience and a greater lack of restraint was shown by the officers and men who were in charge of the station. Now, Sir, let us just think what the position was. Some workers, as much our fellow-men as any Member sitting here, who are as much servants of the public as any of those sitting here, have a grievance. They are led or misled, guided or misguided to resort to a strike, perhaps on insufficient ground. What is the right way to deal with them? Is it the right way to call them and tell them that they must not behave foolishly, that they must not injure any railway property, but must get back to their homes and make their representation in a suitable manner? Is it inconceivable that such a course might have been adopted and that it might have prevented any trouble? My Honourable friend the Finance Member disagrees. I regret it, but I hope he will agree that I am entitled to emphasize that point of view before the House and ask even him to consider whether it is not a reasonable view. These men were railway men; they were trained as workers; they were not hooligans from the streets; they were not vagabonds who had any ill intent. They had a grievance and the manner in which the officer in charge on the spot dealt with it urged them to resort to the method they did. They may have been unwise, but when the railway authorities found that they had taken that course, I submit more patience, more discretion should have been shown, and I submit if it were, it would not have been necessary to call the Auxiliary Force, and most certainly not to ask them to resort to the action they did. I grant that if a crowd assembles, and if after being duly asked to disperse, it does not disperse, the law gives the magistrate the power to say that so much force shall be used as is necessary to disperse the crowd, but I ask anybody sitting on that side of the House to tell me whether the law permits any man to use more force than is necessary to disperse such a crowd. Unless the crowd becomes violent or begins to resort to lawless action, no man has any authority under the law to use the bayonet on or to shoot a fellow man who may be in the crowd, and if he does so he does it at his peril. I submit that as bayoneting and firing were resorted to the matter clearly calls for some notice from the Government of India. If when my Honourable friend the Member for Commerce spoke this morning and gave us the information he did, and said that the matter was undoubtedly unfortunate, if he had then said he was

[Pandit Madan Mohan Malaviya.]

waiting for further information and that on the receipt of that information he would institute an inquiry to find out whether the use of the bayonet and of fire-arms was justifiable in the circumstances of the case and if he had at the same time stated that, in his opinion or in the opinion of the Government of India bayoneting or firing were to be resorted to only in a case of clear necessity and not otherwise, that the Government disapproved their use unless there was a clear case made for it, and that if the Government found that such action had been resorted to without a clear case having been made out, they would consider what action should be taken in the matter, the Honourable the Commerce Member would, I venture to think, have had the whole House with him, and he will still have the whole House with him, I venture to think, if he will make it clear that, without pronouncing a judgment upon the officers concerned, without giving up the District Magistrate, without giving up the Captain of the Auxiliary Force, without expressing any opinion as to the validity or invalidity of the action taken, he would still institute an inquiry to find out whether the resort to bayoneting and firing on this occasion was proper, was right, or whether though it was done honestly, yet it was done hastily, unwisely, and was unjustifiable. If such an expression of opinion were made by the Honourable the Commerce Member, I think this matter would come down to its proper proportions. I grieve to think that in the heat that was generated on both sides in the debate the poor unfortunate men who have gone on strike may suffer. I do not wish them to suffer, I wish that this sad chapter should be ended as soon as possible, and I appeal to the Honourable Member for Commerce to say that which will help to smooth the situation and to solve it in the right manner.

(Several Honourable Members moved that the question be put.)

Mr. K. O. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, the constitutional point raised by the Honourable the Home Member places us between the devil and the deep sea. There is the Government of India on the one hand, who object to our discussing this question on the floor of this House on the ground that this is a provincial subject, or rather that most of the points dealt with by Honourable Members relate to provincial subjects. On the other hand we have the President of the Bengal Legislative Council disallowing Resolutions on this very subject, evidently on the ground that they relate to a Central subject. I am afraid the Honourable the Home Member does not care to read the papers that come from Bengal, otherwise he would have seen that there were several Resolutions of which notice was given by Members of the Bengal Legislative Council, all of which were disallowed by the President.

An Honourable Member: On what ground?

Mr. K. O. Neogy: The ground is not stated. It must have been evidently on the ground that the question of Railways is a Central subject, but on what ground I do not care; the fact is they were not in a position to discuss this question in the local Council which you say is the proper forum for this subject. Where are we to go? When I rise to support this motion, I intend it as a censure not merely on the Department of my Honourable friend Sir Charles Innes, but also on the department presided over by my friend the Honourable Sir Bhupendra Nath Mitra. Sir, mention was made this morning of the fact that telegrams relating to this question have been censored by the postal authorities. It was either the Home Member or the

Commerce Member who said that action was evidently taken under the responsibility of the Local Government. Sir, I myself am one of those unfortunate men to whom some of these telegrams were sent, and I hold in my hand copy of a telegram which was suppressed under the authority of the Sub-Post Master of the Kharagpur Workshop Post Office. This copy was sent to me by post. I will read out the text of the telegram; it was addressed to 18 Members of this House, dated the 14th:

"Situation extremely serious, shooting commenced when other methods could be resorted to. Seventeen people injured, Auxiliary railway forces employed including officers against whom serious complaints already exist, resulting in wholesale intimidation. Railway authorities obdurate. Move adjournment House, pray co-operation Members."

It is signed by my esteemed friend Mr. Giri, the President of the Bengal Nagpur Railway Union. It was returned to him with this endorsement:

"The message cannot be accepted for transmission as laid down in rule 374 of the Postal Guide."

Evidently when the Honourable the Home Member made the statement this morning that this also did not relate to the Central Government, he was labouring under the misconception that action must have been taken under section 5 of the Telegraph Act, under which the Local Government, or any officer authorised by the Local Government, is empowered, under certain circumstances, to censor and to prevent the transmission of certain telegrams. Now Sir, he was absolutely under a misapprehension when he said that Rule 374 of the Post and Telegraph Guide says:

"Telegraph officers are required to refuse to accept any telegram which may be of a decidedly objectionable or alarming character."

So that in this particular instance it was a subordinate of the Honourable Sir Bhupendra Nath Mitra's Department who took it upon himself to hold back a telegram addressed, not to the strikers, not to possible sympathisers on the other sections of the Railway, for the purpose of fomenting strike, but to Members of this Assembly. I would request the Honourable Sir Bhupendra Nath Mitra to enquire as to whether he really controls the Post Office at Kharagpur, or is it the Agent of the Bengal Nagpur Railway and the other local officers?

Now, Sir, I come to Sir Charles Innes. I concede that on a strict view of the matter the details relating to the shooting and bayoneting do not relate to a Central subject; but, Sir, my complaint against the Railway Department, against the Agent of the Bengal Nagpur Railway, for whose action I suppose the Honourable Sir Charles Innes accepts responsibility, is about the systematic suppression of news. The incident occurred on the 11th. Here we have a Calcutta newspaper dated the 16th February, and the complaint which it makes is that there is "a disgraceful conspiracy of silence, as disgraceful a conspiracy of silence as is possible in any civilised country." The paper pointed out that they could not get any information on some of the most important points involved in this matter either from the Agent's Office, from the Headquarters Office which is situated at Calcutta, or from the news agencies. This is what it says:

"In spite of our best efforts on Saturday last, no information whatever could be got from the Bengal Nagpur Railway head office at Kidderpur as to the occasion for the firing and the bayonet charges at all."

And remember, Sir, that Kharagpur is only 72 miles from Calcutta.

An Honourable Member: What paper is that?

Mr. K. C. Neogy: *The Bengalee*.

The Honourable Sir Charles Innes: What is the date of the paper?

Mr. K. C. Neogy: It is dated February the 16th.

The Honourable Sir Charles Innes: They apparently had not seen the press communiqué of the 14th.

Mr. K. C. Neogy: There is a postscript added to that article. I am trying to be as fair as possible to my Honourable friend. The first communication from the Agent is dated the 12th. I am confining myself to the point about the shooting and bayoneting. All that we gather from that communiqué is:

“At about 9 P.M., on Friday the 11th instant a large body of B. N. Railway workshop employees at Kharagpur proceeded to the Kharagpur Station and drove the Indian Traffic staff from the yard.”

This is how the trouble started. Now this first communiqué, dated the 12th, says that a large body of the employees proceeded to the Kharagpur station and drove the Indian Traffic staff from the yard. The second information on the subject is from the Associated Press of India, and this is what it states:

“The following account of the B. N. Railway workmen is gathered from different sources”

and we find here that:

“in the late hours of the night 500 men went over to the station to request their brethren of the Traffic Department to sympathise with them and when returning to their quarters they were attacked by some loyal employees of the railway.”

That is a different version. It is not over-lepient to the strikers, because we find no mention here that firing or bayoneting had ever taken place. It is the report of the Associated Press; and you cannot call that very lenient to the strikers. Sir, the third statement is the statement dated February the 14th, in which for the first time the Agent admits the fact of firing and bayoneting, fully three days after the occurrence. And there again we find that it is not quite the same thing as was described in the previous communiqué. This is what it states—I give it in the words of the *Bengalee*:

“Since the above was written we got an Associated Press message on Monday night purporting to be a statement of the Agent, B. N. Railway, which said that the workshop hands on Friday evening having invaded the railway station ‘the station was cleared without resort to firing’ and that subsequently that night a body of rioters attacked a police guard with stones and brickbats and with previous permission two shots were fired resulting in one of the mob being injured but not seriously.”

There is a deliberate silence on the point as to who fired the shots and who did the bayoneting.

Mr. President: The Honourable Member has only got five minutes more.

Mr. K. C. Neogy: Now, Sir, the Honourable Sir Charles Innes comes to the House this morning and says “The strikers had taken possession

of the station". As time passes, the official version improves; and that is the point on which I want to censure the Railway Department; first because they suppressed the news as long as they could, and secondly because they have been cooking their reports a little.

Sir, the Honourable the Home Member enquired from Mr. Joshi, as to whether the strikers had dissipated their pay. Sir, I find that dissipation was not in the line of the strikers. Here I hold in my hand a letter—it was never intended to be adduced as evidence in this connection. It is a letter from an old retired officer of Government who was proceeding to Puri on that very night and whose train was held up at Kharagpur. He writes to a relation of his at Delhi and says:

"There were drunkards there, even the European railway officials had joined them at Kharagpur. Consequently I had to sit up practically the whole time as your mother and grandmother were with us."

Just imagine the predicament of these poor passengers. It does not look as if the whole body of railway officials, Europeans and Anglo-Indians, were a disciplined body merely working as members of the Auxiliary Force, and only responding to the lawful orders of the Magistrate, in the interest of peace and order. (*Cries of "Divide, divide"*.) Sir, this is a little straw which shows which way the wind was blowing on that night at Kharagpur.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, my friend, Mr. Neogy, has called into question the action of the Telegraph Office subordinates at Kharagpur in not transmitting certain messages which were addressed to him and to other Honourable Members of this House. Sir, on behalf of the Department, I am extremely sorry for any inconvenience that may have been caused to them thereby. I believe, however, that Mr. Neogy read out a message which concluded by asking the Members of this House to move a motion for adjournment.

Mr. K. C. Neogy: Was that the reason why it was not transmitted?

The Honourable Sir Bhupendra Nath Mitra: Now, Sir, the rule as it stands says this:

"Telegraph officers are required to refuse to accept any telegram which may be of a decidedly objectionable or alarming character."

Now, Sir, a telegraph subordinate when he gets a message requesting certain Members of this House to move the adjournment of the House may not unreasonably apprehend that the telegram is of an alarming character. However, Sir, we have not been placed in possession of the full facts of the case. I do not know yet whether that unfortunate telegraph-master took that action of his own motion. My friend Mr. Neogy was not kind enough to give to the House the complete rule.

Mr. H. M. Joshi: Will the Honourable Member enquire?

The Honourable Sir Bhupendra Nath Mitra: I shall first give the rule. The rule proceeds to state:

"In cases of doubt reference must be made by the Telegraph Office concerned to the authorities mentioned below."

Mr. K. C. Neogy: There is no mention of that in my copy.

The Honourable Sir Bhupendra Nath Mitra: I do not know from what copy my Honourable friend read out. I am simply reading out from the statutory rule :

" Objectionable telegrams except those relating to military matters or at the headquarters of Government should always be referred to the District Magistrate. When he is out of the station or not available they should be referred to the officer who is carrying out the current duties in his place."

It is quite possible that that telegraph master showed the telegram to the District Magistrate who we know was on the spot and under the orders of the District Magistrate withheld the telegram . . .

Mr. President: Order, order. As the debate has not been concluded 6 P.M. by 6 P.M., I rule that it automatically terminates.

The Assembly then adjourned till Eleven of the Clock on Monday, the 21st February, 1927.

LEGISLATIVE ASSEMBLY.

Monday, 21st February, 1927.

The Assembly met in the Assembly Chamber at Eleven of the Clock,
Mr. President in the Chair.

MEMBERS SWORN :

The Right Honourable V. S. Srinivasa Sastri, P.C., M.L.A. (Madras :
Nominated Non-Official);

Nawab Sir Zulfiqar Ali Khan, Kt., C.S.I., M.L.A. (East Central
Punjab : Muhammadan), and

Mr. Albert Melville Hayman, O.B.E., M.L.A. (Railway Board :
Nominated Official).

QUESTIONS AND ANSWERS.

THE PANAMA IMMIGRATION LAW.

525. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that the Panama Immigration Law has been passed by the Legislature of the Panama Republic, on the 26th October, 1926, whereby Indians, along with some other coloured nationalities, are forbidden to immigrate in future to the Republic, and those who are already domiciled in the Republic will not be allowed admittance if after the enforcement of this law they even temporarily leave the territory of the Republic, or happen to be away before the enactment of this measure?

(b) Is it not a fact that the total number of Indians in Panama is about 10,000, a large number of whom have been resident there for several generations?

(c) Will the Government kindly state if the Panama Immigration Act has yet to receive the assent of His Majesty's Government?

Mr. E. B. Howell: (a) Yes, Sir.

(b) Government are obtaining definite information. According to that already in their possession there exists in Panama and Colon what is described as "a fair-sized colony of Indian merchants almost all of whom are from Hyderabad in Sind".

(c) No, Sir. The legislation of a Foreign State does not require the assent of His Majesty's Government.

NUMBER OF POSTS IN STATE-MANAGED RAILWAYS ON MORE THAN Rs. 200
A MONTH HELD BY INDIANS, ANGLO-INDIANS AND OTHERS.

526. ***Mr. Mukht Singh:** Will Government be pleased to state the number of posts carrying a salary of more than 200 rupees a month held in

the years 1924, 1925 and 1926 by (a) Indians (Anglo-Indians not included), (b) Anglo-Indians and (c) others in the different Railways managed by the Government?

AMOUNT OF MONEY DRAWN IN SALARIES BY INDIAN, ANGLO-INDIAN AND OTHER EMPLOYEES DRAWING MORE THAN RS. 200 A MONTH IN STATE RAILWAYS.

527. ***Mr. Mukhtar Singh:** Will Government be pleased to state the amount of money drawn in salaries by the employees getting more than 200 rupees a month in the Government Railways in the respective years 1924, 1925, 1926 by (a) Indians (Anglo-Indians not included), (b) Anglo-Indians and (c) others?

PERCENTAGE OF INDIANS, ANGLO-INDIANS AND OTHER EMPLOYEES GETTING MORE THAN RS. 200 A MONTH ON STATE-MANAGED RAILWAYS IN THE YEARS 1924, 1925 AND 1926.

528. ***Mr. Mukhtar Singh:** Will Government be pleased to state the percentage of (a) Indians (Anglo-Indians not included), (b) Anglo-Indians and (c) other employees getting more than 200 rupees a month in the Government Railways in the years 1924, 1925, 1926 respectively?

Mr. A. A. L. Parsons: I propose, with your permission, Sir, to answer Questions Nos 526 to 528 together

The Honourable Member will find all the information we have in Appendix F of Volume 1 of the Report of the Railway Board on Indian Railways for 1925-26. We take Rs 250, and not Rs 200 as the pay limit for our statistics, and we do not show Anglo-Indians separately from other classes of statutory Indians who are not Hindus or Muslims

CUSTOMS DUTY ON SUGARCANE BOILING PANS.

529. ***Mr. Mukhtar Singh:** Is it a fact that sugarcane boiling pans are charged with customs duty when they are imported into the country? If the answer be in the affirmative will Government be pleased to state their reasons for so doing and not treating them as agricultural implements free from duty?

The Honourable Sir Basil Blackett: Sugarcane boiling pans are liable to duty at 15 per cent. *ad valorem*. The question of including them in the list of agricultural implements that are free of duty under the tariff is engaging the consideration of the Government of India

MUSALMAN OFFICERS EMPLOYED IN THE OFFICE OF THE RAILWAY BOARD AT DELHI.

530. ***Maulvi Muhammad Yakub:** What is the total strength of the officers working at the main office of the Railway Board at Delhi and how many of them are Musalmans?

The Honourable Sir Charles Innes: The total number of officers in the office of the Railway Board is 17 and none of them is at present a Musalman.

**MUSALMAN OFFICERS EMPLOYED IN THE OFFICE OF THE FINANCE
DEPARTMENT OF THE GOVERNMENT OF INDIA.**

581. *Maulvi Muhammad Yakub: What is the total strength of the permanent Indian officers working at the main office of the Finance Department of the Government of India and how many of them are Musalmans?

The Honourable Sir Basil Blackett: The total strength of the permanent Indian gazetted officers is 7, of whom one is a Musalman.

**USUAL TENURE OF AN OFFICER ON SPECIAL DUTY AT THE HEADQUARTERS
OF THE GOVERNMENT OF INDIA.**

582. *Maulvi Muhammad Yakub: What is the usual tenure of an officer on special duty at the headquarters of the Government of India?

The Honourable Sir Alexander Muddiman: No general rule has been prescribed or is required, as the tenure of such an officer depends upon the nature of the special work to be undertaken and the time it will take to complete it.

**OFFICERS EMPLOYED ON SPECIAL DUTY FOR LONG PERIODS IN THE
OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.**

583. *Maulvi Muhammad Yakub: Is there any officer on special duty in the office of the Director-General of Posts and Telegraphs holding his present appointment for a considerably long period? What are his special qualifications for holding the present post and what is his substantive appointment?

The Honourable Sir Bhupendra Nath Mitra: There are four officers on special duty in the office of the Director General of Posts and Telegraphs, whose appointments date from the 1st December, 1924, 27th November, 1925 and the 6th and 9th August, 1926, respectively. They are considered the most suitable officers for their special duties.

NUMBER OF MUSALMANS EMPLOYED AS SUPERINTENDENTS OF POST OFFICES

584. *Maulvi Muhammad Yakub: How many Superintendents of Post Offices were recruited directly and how many were promoted from the Department during the year 1926? How many of them are Musalmans?

The Honourable Sir Bhupendra Nath Mitra: In 1926, one officer was directly recruited as a probationary Superintendent and another officer was promoted from the Department. Neither was a Musalman.

SPEECHES DELIVERED BY THE MAHARAJA OF BURDWAN IN ENGLAND.

585. *Maulvi Muhammad Yakub: (a) Will Government be pleased to state in what capacity the Maharaja of Burdwan attended the Imperial Conference?

(b) Are Government aware that there is a great disappointment in this country at the speeches delivered by the Maharaja in England?

The Honourable Sir Alexander Muddiman: (a) As a representative of India.

(b) No.

Mr. Chaman Lal: Is it a fact that the Maharaja of Burdwan has been described as the chorus girl of the Empire?

The Honourable Sir Alexander Muddiman: I beg the Honourable Member's pardon. I did not hear the question.

AGENTS APPOINTED IN OTHER COUNTRIES UNDER SECTION 7 OF THE INDIAN EMIGRATION ACT, 1922.

536. ***Mr. M. S. Aney:** (a) Will Government be pleased to state in what States of Asia, America and Africa and the self-governing Colonies as well as Crown Colonies in the British Empire in which Indian emigrants have settled, the Governor General in Council has appointed agents under the terms of section 7 of the Indian Emigration Act of 1922?

(b) If there are countries or Colonies, in which Indian emigrants have settled, without any Agent of the Governor General in Council, will Government give the reasons for not making any appointment of such agents?

Mr. J. W. Bhore: (a) Agents have been appointed in Ceylon and British Malaya only under the provisions of section 7 of the Indian Emigration Act, VII of 1922

(b) If the Honourable Member will refer to the terms of section 7 he will see that the purpose of appointing an Agent is to safeguard the interests of emigrants. The answer to his question therefore depends in each case upon a variety of circumstances including the number of the emigrants, the conditions under which they live and the necessity of special arrangements to safeguard their interests. In some cases the question of appointing an Agent is under consideration.

Mr. M. S. Aney: Does the Government want this House to assume that in those countries where the condition of the emigrants is satisfactory, agents are not appointed? And if not, why does not the Government appoint them?

Mr. J. W. Bhore: The concluding portion of my reply indicates that in some cases the question of appointing an agent is under consideration.

Mr. M. S. Aney: Will the Honourable Member give us the names of those countries where the question of appointing an agent is under consideration?

Mr. J. W. Bhore: I would be glad if the Honourable Member would refrain from asking that question to-day.

Mr. M. S. Aney: Will the Honourable Member consider the advisability of recommending to Government the necessity of having British Consulates instead of agents, to look after these men?

Mr. J. W. Bhore: I am afraid I have nothing to do with British Consulates.

ANNUAL REPORTS OF THE AGENTS IN CEYLON AND THE MALAY STATES
REGARDING THE MORAL AND MATERIAL PROGRESS OF INDIAN
EMIGRANTS.

537. ***Mr. M. S. Aney:** (a) Will Government be pleased to state whether the Government of India receives annual reports from the agents in Ceylon and the Malay States giving detailed information regarding the moral and material progress of the Indian emigrants permanently or temporarily settled there?

(b) If so, do Government propose to publish for the information of this House at least important extracts from these annual reports of the agents in the aforesaid two countries bearing on the moral, economic and political condition of the Indians there for the years 1924-25 and 1925-26?

(c) Will the Government be pleased to explain why the expenses of the two aforesaid agencies in Ceylon and Malay including the establishment charges have suddenly risen from Rs. 30,000 in 1923-24 to more than Rs. 65,000, since 1924-25?

Mr. J. W. Bhore: (a) Yes.

(b) The Annual Reports received from the Agents for the year 1925 including financial statements for the year have been published and copies are available in the Library of the House. Government do not consider it worth while to print up and publish extracts from the Reports for 1924, but if the Honourable Member desires information on any particular point regarding the condition of Indians in those Colonies during this period it can be supplied to him.

(c) The chief reason is that the Agents were appointed from 1st September, 1923, and the expenditure incurred in 1923-24 is for 7 months only, while the expenditure in 1924-25 and subsequent years is for the whole financial year.

REFUNDS OF MONEY ORDER COMMISSION.

538. ***Mr. M. S. Aney:** (a) Will Government be pleased to explain why a sum amounting to Rs. 12,000 or thereabouts is annually deducted from the postal receipts under money order commission and shown as refunds of money order commission?

(b) To what accounts is the sum so deducted from postal receipts being annually credited?

(c) Will Government give the details that go to make up the total amount of Rs. 12,000, for annual refunds under money order commission?

The Honourable Sir Bhupendra Nath Mitra: (a) to (c). The sum deducted from postal receipts and shown in the accounts as "Refunds of money order commission" represents the commission paid on money orders that owing to errors for which the Post and Telegraph Department accepts responsibility are not discharged and the amounts of which have to be returned, with the commission, to the senders. The actual refunds on this account are, from their very nature, subject to considerable variation from year to year. In the budget estimates for the year 1925-26 a provision of Rs. 12,000 was made for such refunds, the actuals in 1923-24 having been Rs. 11,852. The actual refunds in 1925-26 however amounted to only Rs. 2,176.

LACK OF PROPER ARRANGEMENTS FOR CROSSING THE RAILWAY LINE AT HAPUR STATION ON THE EAST INDIAN RAILWAY.

539. ***Mr. Mukhtar Singh:** (a) Are Government aware that the inhabitants of the adjoining villages of the East Indian Railway station, Hapur, District Meerut, cross the railway line near the platform as this is the shortest cut to go on the other side?

(b) Are Government aware that an undertaking was given by the then Collector of Meerut when the original Meerut Hapur Road was diverted from its original position to about a mile towards the west that proper arrangements for the crossing of the railway would be made at or near the place of the original metalled road? If so, will Government be pleased to place a copy of the undertaking on the table for the information of the House?

(c) Are Government aware that on account of the above undertaking referred to in part (b) the inhabitants are crossing the railway line from one side to another?

(d) Are Government aware that no arrangements for building a crossing bridge over the railway line has so far been made for the convenience of the public?

(e) Will Government be pleased to state the number of accidents that have happened during the last five years at the Hapur station on account of the want of proper arrangements for crossing the railway line at this place?

(f) Are Government contemplating the building of a crossing bridge at Hapur station for the convenience of the public?

Mr. A. A. L. Parsons: Government have no information, but are sending a copy of the Hon'ble Member's question to the Agent, East Indian Railway.

UNDERGROUND BRIDGE FOR TRAFFIC AT THE RAILWAY CROSSING NEAR MEERUT CITY STATION.

540. ***Mr. Mukhtar Singh:** (a) Are Government aware that the whole traffic on the Meerut Bagpat metalled road is held up sometime for more than an hour continuously at the crossing of the railway line near the Meerut City station and is a great inconvenience to the public in general?

(b) Have Government received any complaints in this matter? If so, what steps have Government taken to remove this existing complaint?

(c) Are Government prepared to take immediate steps to construct an underground bridge for the traffic?

Mr. A. A. L. Parsons: Government have no information and have received no complaints. They suggest that the matter be referred to the Agent of the Railway concerned through the Local Advisory Committee.

DISCONTINUANCE OF THE USE OF OIL-CLOTH CUSHIONS IN INTERMEDIATE CLASS COMPARTMENTS OF THE EAST INDIAN AND NORTH-WESTERN RAILWAYS.

541. ***Mr. Mukhtar Singh:** (a) Will Government be pleased to say since when oil-cloth has been discontinued for the cushions of benches supplied in the compartments meant for intermediate class passengers on the East Indian and North-Western Railways?

(b) Will Government be pleased to state the difference of cost between the price of the oil-cloth that was used previously and the cost of canvas used now for the purpose?

(c) Has the attention of Government been drawn to the fact that the canvas cushion now used becomes dirty very soon and presents a disgusting look to the passengers?

(d) Do Government propose to consider the advisability of either using oil-cloth for the purpose or discontinuing the use of cushions altogether in the intermediate class compartments and making the benches more comfortable in other ways?

Mr. A. A. L. Parsons: The Government have no information and do not propose to take any action. The matter is one which should be brought to the notice of the Railway Administrations through their Local Advisory Committees.

**EXCLUSION OF INDIAN SEAMEN FROM THE UNITED STATES OF AMERICA
UNDER THE NEW AMERICAN IMMIGRATION BILL.**

542. ***Mr. Gaya Prasad Singh:** (a) Is it a fact that a new Immigration Bill has already passed the Senate, United States, which would exclude from American ports all foreign ships employing seamen of other countries, who are ineligible to enter the United States as immigrants?

(b) Is it a fact that under the above law, lascars would be prohibited from coming to America on any vessel, except one flying the flag of India?

(c) Do Government propose to make any inquiry into the above matter, and state how far the Bill, if passed into law, will affect the position of Indian seamen proceeding to the United States?

The Honourable Sir Charles Innes: Government have seen reports in the Press to the effect that a new Immigration Bill has already passed the Senate of the United States of America which would exclude from American ports all foreign ships employing seamen of other countries, who are ineligible to enter the United States as immigrants. Enquiries have been made, but no official confirmation has yet been received.

RECRUITMENT FOR THE INDIAN ARMY FROM BIHAR AND ORISSA.

543. ***Mr. Gaya Prasad Singh:** Will Government kindly give a statement, showing separately the number of persons recruited in the Indian Army from various Districts of the Province of Bihar and Orissa, during the last 5 years?

Mr. G. M. Young: I am afraid I cannot give my Honourable friend the information he desires*because, as stated by Mr. Burdon on the 22nd February, 1926, in answer to starred questions Nos. 931 and 982, our statistics do not show the numbers recruited by Districts, but by Provinces. The total numbers recruited from the Province of Bihar and Orissa during the period are contained in the statement which I laid on the table on the 27th January in answer to starred question No. 25.

**REALIZATION OF THE LOAN ADVANCED TO THE ARMY CANTEN BOARD
BY THE IMPERIAL BANK OF INDIA.**

544. ***Mr. Gaya Prasad Singh:** (a) Is it not a fact that the Army Canteen Board has now been dissolved? If so, what are its assets and liabilities?

(b) Is it a fact that a loan was advanced to the Army Canteen Board by Government, or the Imperial Bank of India? If so, how much? Has the money been realized; and if not, what steps are in contemplation to realize the money?

Mr. G. M. Young: (a) The Army Canteen Board is in process of liquidation, as was announced in a press communiqué, dated the 3rd of this month. The second half of the question does not arise.

(b) Yes, Sir, by both. For the amounts advanced from time to time the Honourable Member is referred to the answers given to the following questions among many others:

Unstarred questions Nos. 29 and 33 on the 22nd January, 1925.

Unstarred question No. 120 on the 9th February, 1925.

Unstarred questions Nos. 141 and 142 on the 23rd February, 1925.

Starred questions Nos. 1148 to 1150 on the 6th March, 1925.

Starred questions Nos. 91 and 144 on the 21st and the 26th January, 1926.

The money advanced by Government has been recovered with interest, as was stated in reply to unstarred question No. 33 on the 22nd January, 1925. The steps taken to realize, as far as possible, the advances made to the Board by the Imperial Bank on the guarantee of the Government of India, consist of the process of liquidation to which I have just referred.

RELEASE OF POLITICAL DETENUS IN BENGAL.

545. ***Mr. Gaya Prasad Singh:** Will Government kindly state what steps they have taken to give effect to the Resolution passed by this House recently regarding the release of political detenues in Bengal?

The Honourable Sir Alexander Muddiman: I would refer the Honourable Member to the reply given by me to the short notice question on this subject on the 9th February.

DECLINE IN PASSENGER TRAFFIC ON THE BOMBAY, BARODA AND CENTRAL INDIA AND OTHER RAILWAYS.

546. ***Sir Purshotamdas Thakurdas:** (a) Are Government aware that the Chairman of the Bombay, Baroda and Central India Railway Local Advisory Committee said that the passenger traffic on that Railway showed that in spite of the reductions in fares, which had been introduced with effect from 1st April, 1926, there had been a decrease of over 1½ millions in the number of passengers carried over the whole system including the local section for the first seven months of the year?

(b) Will Government be pleased to state the reason of this decline, and place on the table of the Assembly corresponding information regarding other Railway systems?

(c) Will Government be pleased to state the amount of loss of revenue to the Railways in India by this falling off in passenger traffic despite lowering of rates?

Mr. A. A. I. Parsons: (a) Yes.

(b) The decline in number of passengers is possibly due to less trade activity than in the previous year and also to serious breaches on the line

in August and September. I am sending the Honourable Member a statement giving corresponding information for the first 8 months of the financial year for the principal railways.

(c) In the first 8 months of the financial year the earnings from passenger traffic were less by some 67 lakhs than in the corresponding period last year, as compared with the estimated loss of Rs. 73 lakhs for the full financial year owing to reduction in fares.

NUMBER OF REPRESENTATIONS RECEIVED IN CONNECTION WITH THE
EXCHANGE RATIO.

547. *Sir Purshotamdas Thakurdas: Will Government be pleased to place on the table a statement giving a list of representations received by them by letter and by telegram from private individuals and Chairmen of public meetings in connection with the exchange ratio, stating simultaneously the opinions thus conveyed to Government either for an 18*d.* ratio or a 16*d.* ratio as the case may be?

The Honourable Sir Basil Blackett: The information is not available as in a large number of cases, particularly when the representations came from private individuals, the telegrams and letters have been treated by me as personal and have not been preserved in the records of the Finance Department. The list circulated with my answer on the 7th instant contained all the protests against the 1*s.* 6*d.* ratio received from commercial and public bodies. A large number of protests have also been received from public meetings held in various parts of the country

Rai Bahadur Tarit Bhushan Roy: How many of such representations have come from Bengal?

The Honourable Sir Basil Blackett: I am afraid the answer to that is that the information is not available.

CHIEF STOREKEEPERS OR PURCHASING OFFICERS OF STATE RAILWAYS.

548. *Mr. Jamnadas M. Mehta: Will Government be pleased to state:

- (a) The names of the chief storekeepers or purchasing officers of State Railways?
- (b) How many of these have been appointed during the last three years to their place?
- (c) In filling up these posts have Government made an attempt to secure the services of Indians?
- (d) What steps were if any, and what is the nature of difficulties experienced in securing Indians to fill these posts?

The Honourable Sir Charles Innes: (a) The names of existing incumbents are Messrs. C. F. Langer, G. A. Meade, A. E. B. Forbes and G. W. Burn.

(b) Two.

(c) and (d). Appointments to these posts are made by selection, irrespective of nationality.

RENEWAL OF LOCOMOTIVE BOILERS.

549. ***Mr. Jamnadas M. Mehta:** Will Government be pleased to state:

- (a) If they have adopted the recommendations of the Raven Committee to renew locomotive boilers after seventeen years instead of twenty-five years?
- (b) How will this affect the number of boilers to be renewed during the next five years?
- (c) In view of this very large number of boilers have Government thought of finding a firm of boiler makers to put down a plant in India?
- (d) Have they in the alternative decided to manufacture boilers in the State workshops?
- (e) Whether they propose to call for estimates and a report on the subject?

Mr. A. A. L. Parsons: (a) Government consider that there is much to be said in favour of the view of the Raven Committee but they have laid down no hard and fast rule that locomotive boilers should be renewed after 17 years. They have decided that when repairs are necessary to boilers which have attained that age Railway Administrations should carry out a special investigation regarding the estimated cost of such repairs with a view to deciding whether it is economical to retain the boiler in service.

(b) As it is not proposed to renew boilers on an age factor only, Government are unable to say.

(c) No, as practically all the material for their construction would have to be imported.

(d) No, for the reasons stated against paragraph (c) of the question.

(e) Government do not propose to call for a report on the subject.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member kindly inform the House whether it would not be possible to make boilers in the workshops attached to the Railways?

Mr. A. A. L. Parsons: I think, I can best answer that by saying that a representative of the Tata Iron and Steel Company, in his evidence before the Tariff Board, stated that they would not be able to make the steel for boiler plates for some time. He said they might make it eventually, but that there was no immediate prospect of it.

UNSTARRED QUESTIONS AND ANSWERS.

PAY OF THE SUBORDINATE STAFF OF THE OFFICE OF THE DIRECTOR GENERAL,
POSTS AND TELEGRAPHS.

102. **Mr. Amar Nath Dutt:** Is it a fact:

- (a) that in dealing with a petition from Babu B. B. Bose, late a clerk in the office of the Director-General, Posts and Telegraphs, praying for the removal of an anomaly in the fixation of his pay in 1921, Mr. Brayne, the then Financial Adviser, at paragraph 2 of his notes dated the 1st May, 1923, had admitted certain facts, the ignoring or omission of which at the outset had resulted in an injustice done to three clerks of that office?

- (b) that the same injustice was then placed before the then Honourable Member in charge of the Department and the grievances of the officials in question were removed?
- (c) that the anomalies or the "adversely affected cases" as they are called were remedied only in respect of a few fortunate A cadre clerks of that office by the officer who was specially deputed in 1921 for the purpose of giving effect to the Government sanction on the fixation of pay of the subordinate staff of the Director-General's office based on the Booth Committee recommendations?
- (d) that the most important and beneficial part of the Booth Committee recommendations at paragraph 72 of Chapter III of their Report and vital to a few senior clerks was ignored by the then Public Works Department, thereby placing the senior clerks on the same footing with the juniors when transferred from B to A cadre?
- (e) that the effect of giving transfers to those senior clerks from B to A was long delayed (till March 1922), though the working arrangement of the office under the Booth Committee recommendations was given effect to from April, 1921?
- (f) That these senior clerks transferred from B to A were also denied the benefit of counting their acting allowance in their old grades towards the fixation of their pay in the time-scale—the benefit which their colleagues in the old A cadre were allowed to enjoy?
- (g) that although the Booth Committee recommendations referred to at (d) were evidently made to obviate the necessity of counting the acting allowance towards increments in respect of those senior clerks transferred from B to A neither of these benefits were given in case of the unfortunate few clerks?

The Honourable Sir Bhupendra Nath Mitra: The information is being collected and will be furnished to the Honourable Member in due course.

**PAY OF THE SUBORDINATE STAFF OF THE OFFICE OF THE DIRECTOR GENERAL,
POSTS AND TELEGRAPHS.**

103 **Mr. Amar Nath Dutt:** Is it a fact :

- (a) that as drawn up in the Memorandum submitting a proposal to the Honourable Member in charge of the Department for rejecting an appeal from a clerk in the office of the Director-General, Posts and Telegraphs, to the Government of India, claiming his legitimate dues by having his acting allowance counted towards fixation of his pay in 1921, the Director-General's office noted in September 1925, that "if Babu A. N. Bose is allowed to count his percentage increase on old pay Rs. 40 plus war allowance Rs. 5 plus acting allowance Rs. 10 the same concession will have to be given to a large number of clerks (*viz.*, those shown at slip J, as well as to many of the B cadre clerks who got promotions to the A Cadre from 1st March, 1922), or in other words paragraph 6 of the Public Works Department letter No. 417-P. W., dated the 16th

September, 1921, would have to be modified so as to allow percentage increase over salary (not pay) *plus* war allowance''?

(b) if the answers to above are in the affirmative, will the Government be pleased to state—

- (1) whether paragraph 5 of the said Government sanction was strictly applied in all cases of the A cadre clerks of that office and in no case absolutely was any departure made;
- (2) if really any departure was made in any individual or collective cases the reasons for the same;
- (3) do the Government propose to extend the same concession to the anomalous cases of those B cadre clerks who were drawing acting allowance for 6 months or more before the time-scale of pay was introduced, as those "adversely affected" in the sense that they were placed on the same footing with others far junior in service;
- (4) is it a fact that although the principle of counting acting allowance towards increments has been adopted throughout the whole Posts and Telegraphs Department, by modifying Government sanction of 1920, when the Civil Service Regulation was in force and also in the cases of a few A cadre clerks of the Director-General's office itself when the Fundamental Rule came into being, that on no legitimate grounds or any definite rules or rulings the cases of the clerks referred to in (a) were shelved; and
- (5) whether any consideration or attempt was or is being made to remedy their longfelt grievances?

(c) Will the Government be pleased to furnish to the House a statement showing in detail in the following form (i) the names of each clerk still in the B cadre who was drawing acting allowance for 6 months or more in his old grade of pay in February 1921 and (ii) others correspondingly of the same category but were transferred from B to A cadre in March 1922?—

(1)	(2)	(3)	(4)	(5)
Names of clerks.	Service in February 1921.	Pay with allowances.	Pay to be fixed in the time scales by counting acting allowance on 1st March, 1921.	Pay actually fixed in March 1921 and percentage of increase granted on (3).

The Honourable Sir Bhupendra Nath Mitra: The information is being collected and will be furnished to the Honourable Member in due course.

**PAY OF THE SUBORDINATE STAFF OF THE OFFICE OF THE DIRECTOR GENERAL,
POSTS AND TELEGRAPHS.**

104. **Mr. Amar Nath Dutt:** Will the Government be pleased to say whether:

- (a) when the scales of pay of the subordinate staff of the office of the Director-General, Posts and Telegraphs, were revised in 1921

their pay was fixed in the time-scale (i) under any Article of Chapter VII of the Civil Service Regulations, or (ii) under any regulations specially laid down by Government?

(b) the pay of the whole of the subordinate staff of the Posts and Telegraphs Department having been revised in 1920, when the Civil Service Regulations was in force, their pay was fixed under special regulations laid down by Government and not under any Article of the Civil Service Regulations?

(c) later on the principle of counting acting allowance towards increments under Article 155 of the Civil Service Regulations or Fundamental Rule 32, was specially defined and adopted in the case of the Departmental staff except in the case of the B cadre clerks of the Director-General's office?

The Honourable Sir Bhupendra Nath Mitra: (a) Under special orders issued by Government.

(b) The revisions of pay of 1920 were introduced under the specific orders of Government.

(c) The orders of Government made no reference either to Article 155, C. S. R., or to F. R. 32. With respect to the 'B' class clerks of the Director-General's office, the Honourable Member's attention is drawn to part (d) of his starred question No. 634 which was replied to on the 3rd September 1925.

RECOVERIES FROM THE TRAVELLING ALLOWANCE BILLS OF CERTAIN CLERKS IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

105. **Mr. Amar Nath Dutt:** Is it a fact:

(a) that an Audit objection in Deputy Accountant-General, Posts and Telegraph's Audit Memorandum No. P. A. C. 1297-H. M. dated Calcutta, the 9th July, 1923, was received by the Director-General, Posts and Telegraphs, in which certain retrenchments were proposed from the travelling allowance bills of certain clerks of the Director-General's office?

(b) that the Audit objection was received after 8 months of the disbursement of the bills of the officials concerned?

(c) that although the travelling allowance bills of the officials concerned were scrutinised in office before payment in October 1922, the recoveries of certain sums in certain cases were made, in contravention of rules 156 (4) (1), 157 (b) and 774 of the Audit Code and despite the following clear rulings of the Financial Adviser, Mr. Ebdon, which were endorsed by the then Honourable Member in charge of the Department, only on the ground that the amounts were overdrawn:

"The principle to be applied is that in paragraph 157 (b) of the Audit Code, viz., that if a man in good faith received money and has retained it unchallenged (either by Audit or administrative warning) for six months, it is to be held that this money has been absorbed into his general expenditure and he must not be required to refund?"

- (d) if the answers to above are in the affirmative, will the Government be pleased to say why the same Audit objection was not challenged by the Director-General in spite of the appeals with adequate explanations from the officials concerned and why those officials were thus made to suffer for no fault of their own?
- (e) that the Audit objection in question was not placed before the Auditor General for having the retrenchments waived under proper rule 156 (4) of the Audit Code? and
- (f) that the appeals in this connection from the officials concerned were rejected on the ground that if in one or two cases the retrenchments were waived there were other cases in connection with which the same action should have to be taken?

The Honourable Sir Bhupendra Nath Mitra: The information is being collected and will be furnished to the Honourable Member in due course.

**PROCEDURE RELATING TO THE SCRUTINY AND COMPLETION BY AUDIT OFFICERS
OF THE AUDIT OF POST-AUDIT BILLS.**

106. Mr. Amar Nath Dutt: Will the Government be pleased to say whether:

- (a) there is any rule in the Audit Code under which there is a certain time limit within which the Audit officers should scrutinise and complete the audit of the post-audit bills? *
- (b) there are certain provisions under which the Audit officers have been vested to use their discretions to waive any retrenchments arising out of the audit of the post-audit bills?
- (c) objections and observations arising out of the audit should be communicated at the earliest opportunity and that within a certain time limit after which all recoveries should be waived with the Auditor General's orders?
- (d) if the Audit objections are found improper and not subject to any rule of the Audit Code, the Departments concerned can challenge such Audit objections?
- (e) there is any such rule in the Audit Code under which on any retrenchment before being enforced, an explanation of the Government servant retrenched must be obtained by the Audit officers concerned which may cause the recovery to be dispensed with?
- (f) unless an explanation of the Government servant proposed to be retrenched is obtained the retrenchment order of the Accountant-General cannot be enforced by the office in which such a Government servant is working? and
- (g) if such a retrenchment is enforced without giving the Government servant concerned an opportunity to explain that Government servant is entitled to appeal to the Auditor General?

The Honourable Sir Basil Blackett: I shall be glad to arrange to lend the Honourable Member copies of the Audit and Civil Account Codes so that he can study these questions for himself.

DISTINCTIONS BETWEEN CHECKERS OF THE INLAND SECTION AND PAIRERS OF THE PAIRING SECTION.

107. **Mr. Amar Nath Dutt:** (a) Is it a fact that the checkers of the Inland section have been placed in the Upper Division?

(b) Is it a fact that the Pairers of the Pairing Section have been placed in the Lower Division?

(c) Will Government please state whether pairing is more important than checking? If the answer be in the affirmative, do Government propose to remove the distinction at an early date? If not, why not?

DISTINCTIONS BETWEEN THE REGISTRATION AND REQUISITION CLERKS OF THE MESSAGE ROOM.

108. **Mr. Amar Nath Dutt:** (a) Is it a fact that the Registration clerk of the Message room has been placed in the Upper Division?

(b) Is it a fact that the Requisition clerk of the Message room has been placed in the Lower Division?

(c) If so, will Government please state the reasons for this differentiation between Registration and Requisition work?

DISTINCTIONS BETWEEN THE REQUISITION AND REGISTRATION CLERKS OF THE REFUND SECTION.

109. **Mr. Amar Nath Dutt:** (a) Is it a fact that the Requisition clerk of the Refund section has been placed in the Upper Division?

(b) Is it a fact that the Registration clerk of the Refund section has been placed in the Lower Division?

(c) Do Government propose to remove the distinction? If not, why not?

DIFFERENTIAL TREATMENT OF TRACERS OF THE MESSAGE ROOM AND THE COMPLETING CLERKS OF THE PAIRING SECTION.

110. **Mr. Amar Nath Dutt:** Is it a fact that the tracers of the Message Room are placed in the Lower Division with a scale of Rs. 40 to 80 while the completing clerks of the Pairing section enjoy the upper division scale? If so, what is the reason for this differential treatment?

PAY OF REFERENCE CLERKS.

111. **Mr. Amar Nath Dutt:** (a) Do Government propose to grant the same scale of pay to the reference clerks which they have sanctioned for that class in other audit offices?

(b) If not, why not?

DISTINCTIONS BETWEEN REQUISITION REGISTERING CLERKS OF THE MESSAGE ROOM AND SUPERVISORS OF THE SUB-SECTION OF THE MESSAGE ROOM.

112. **Mr. Amar Nath Dutt:** (a) Is it a fact that the Requisition registering clerks of the Message Room are placed in the Lower Division, while the supervisors of the Sub-section of the Message Room are enjoying the upper division scale?

(b) If so, do Government propose to remove the distinction at an early date. If not, why not?

The Honourable Sir Basil Blackett: I propose to reply to questions Nos. 107 to 112 together. The Government do not propose to call for information on the points raised by the Honourable Member as the results are unlikely to be commensurate with the labour involved.

STATEMENT LAID ON THE TABLE.

NAMES OF DETENUS IN JAIL UNDER THE BENGAL CRIMINAL LAW AMENDMENT ACT.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I lay on the table a statement of detenues in jail under the Bengal Criminal Law Amendment Act, 1925, on 4th February, 1927.

Statement of detenues in jail under the Bengal Criminal Law Amendment Act, 1925, on 4th February, 1927.

Name.	Date of commitment to jail under the Bengal Criminal Law Amendment Act.
Panchanan Chakrabarti	25-10-24
Manindra Nath Sen Gupta	25-10-24
Kshetra Mohan Singh	25-10-24
Pratul Chandra Bhattacharji	25-10-24
Kshitish Chandra Banarji	25-10-24
Nripendra Nath Mazumdar	25-10-24
Purnananda Das Gupta	25-10-24
* Jogesh Chandra Chattarji	25-10-24
Abdul Raschid	8-11-24
Ajit Kumar Maitra	17-11-24
Jitesh Chandra Lahiri	10-12-24
† Surendra Mohan Ghosh	10-1-25
† akhya Charan Chakrabarti	25-10-24
	19-1-25
† Madan Mohan Bhaumik	25-10-24
	19-1-25
† Hari Kumar Chakrabarti	25-10-24
	10-1-25
† Satyendra Chandra Mitra	25-10-24

*Statement of detenus in jail under the Bengal Criminal Law Amendment Act, 1925,
on 4th February 1927—contd.*

Name.	Date of commitment to jail under the Bengal Criminal Law Amendment Act.	
† Subhas Chandra Basu	19-1-25 25-10-24	
† Angshu Prakash Banarji	19-1-25 25-10-24	Was in domicile about 6 months since arrest.
† Anukul Chandra Mukharji	19-1-25 25-10-24	
† Ranajit Kumar Banarji	19-1-25 25-10-24	
† Ganesh Chandra Ghosh	19-1-25 25-10-24	
† Sachindia Nath Sanyal	25-2-25	
Sushil Kumar Banarji	25-2-25	
Nagendia Nath Sen	27-3-25	
Ramesh Chandra Acharji	31-3-25	
Ashutosh Kahali	8-5-25 [#]	
Charu Bikush Datta	18-8-25	
Shyama Kumar Ghosh	20-8-25	
† Narendra Nath Sen	10-10-25 19-9-25	
Girija Sankar Chaudhuri	24-11-25	Was in domicile about 6 months since arrest.
Jatindra Nath Das	25-11-25	
Niranjan Sen Gupta	7-12-25	
Panna Lal Mukharji	8-1-26	
Bibhuti Bhusan Chatarji	30-12-25	
Rajendra Kumar Das Gupta	15-2-26	
Nalini Ranjan Sur	10-6-26	
Sachindra Nath Dutta	19-6-26	
Gosha Behari Mukharji	19-6-26	
Santosh Kumar Ganguli	19-6-26	
Khagendra Nath Chatarji	19-6-26	
Bimal Chandra Banarji	19-6-26	
Chaitanya Deb Chatarji	25-6-26	
Bhumes Chandra Chatarji	25-6-26	
Bankim Chandra Chatarji	19-6-26	

*Statement of detenues in jail under the Bengal Criminal Law Amendment Act, 1925,
on 4th February, 1927—contd.*

Name.	Date of commitment to jail under the Bengal Criminal Law Amendment Act.
Ashutosh Bhattacharji	26-6-26
Nirmal Chandra Sen	29-7-26
Jashada Rajan Chakrabartti	29-7-26
Biswanath Mukharji	16-8-26
Dhirendra Chandra Mukharji	16-8-26
Jogesh Chandra De	16-8-26
Surja Kumar Sen	8-10-26
Manmatha Kumar Sarkar	10-10-26
Kshitish Chandra Chakrabartti	10-10-26
Siba Prosad Mukharji	10-10-26
Narendra Nath Das	18-10-26
Prafulla Kumar Chakrabartti	25-11-26
Surendra Mohan Kar	25-11-26
Anil Kumar Guha	12-12-26
Jatindra Nath Bhattacharji	19-12-26
Pratap Chandra Rakshit	4-1-27
Prabin Chandra Barua	5-1-27

*Under trial prisoner held concurrently under Bengal Criminal Law Amendment Act.

†Formerly State prisoners. Date of arrest under Regulation III is noted below date of detention order under Bengal Criminal Law Amendment Act.

‡Convict prisoner held concurrently under Bengal Criminal Law Amendment Act.

Note.—This statement does not include the names of five detenues at present in jail under section 13 of the Bengal Criminal Law Amendment Act.

STATEMENT *RE* SETTLEMENT REACHED AT THE CONFERENCE RECENTLY HELD IN SOUTH AFRICA.

Mr. J. W. Bhore (Secretary, Education, Health and Lands): Sir, with your permission, I would like to make a statement in regard to the settlement which has been reached at the Conference recently held in South Africa.

1. It was announced in April 1926, that the Government of India and the Government of the Union of South Africa had agreed to hold a Round Table Conference to explore all possible methods of settling the Indian question in the Union in a manner which would safeguard the maintenance of western standards of life in South Africa by just and legitimate means. The Conference assembled at Cape Town on December 17th and its session finished on January 12th. There was, in these meetings, a full and frank exchange of views which has resulted in a truer appreciation of mutual difficulties and a united understanding to co-operate in the solution of a common problem in a spirit of friendliness and good-will.

Both Governments reaffirm their recognition of the right of South Africa to use all just and legitimate means for the maintenance of western standards of life.

2. The Union Government recognises that Indians domiciled in the Union who are prepared to conform to western standards of life, should be enabled to do so.

3. For those Indians in the Union who may desire to avail themselves of it, the Union Government will organise a scheme of assisted emigration to India or other countries where western standards are not required. Union domicile will be lost after 3 years' continuous absence from the Union, in agreement with the proposed revision of the law relating to domicile which will be of general application. Emigrants under the assisted emigration scheme who desire to return to the Union within the 3 years will only be allowed to do so on refund to the Union Government of the cost of the assistance received by them.

4. The Government of India recognise their obligation to look after such emigrants on their arrival in India.

5. The admission into the Union of the wives and minor children of Indians permanently domiciled in the Union will be regulated by paragraph 3 of Resolution XXI of the Imperial Conference of 1918.

6. In the expectation that the difficulties with which the Union has been confronted will be materially lessened by the agreement now happily reached between the two Governments, and in order that the agreement may come into operation under the most favourable auspices and have a fair trial, the Government of the Union of South Africa have decided not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill.

7. The two Governments have agreed to watch the working of the agreement now reached and to exchange views from time to time as to any changes that experience may suggest.

8. The Government of the Union of South Africa have requested the Government of India to appoint an agent in order to secure continuous and effective co-operation between the two Governments.

I am laying on the table of the House an annexure to the announcement I have just made. This annexure gives in greater detail the terms of the agreement which has now been reached between the Government of India and the Government of the Union of South Africa. The following comments might help Honourable Members to follow the annexure more easily.

The first point—and the House will recognise its paramount importance—is the declaration by the Union Government that they firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity, and accept the view that, in the provision of educational and other facilities, the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the population. This should dispel any apprehension that the "maintenance of western standards of life" does not include the uplifting

[Mr. J. W. Bhore.]

of the Indian community to those standards. As earnest of their good-will, the Union Government propose (1) to advise the Government of Natal to appoint a Commission on Indian education; (2) to give attention to the provision of suitable hostel accommodation for Indians at the College at Fort Hare and to consider sympathetically other proposals to increase the attractiveness of that institution for them; and (3) to investigate the position in respect of sanitation and housing in the "peri-Durban" area where the problem is understood to be acute and, possibly, elsewhere, and to consider in consultation with local authorities the most appropriate means of dealing with the situation, including (i) the formation of advisory committees of representative Indians; and (ii) the limitation of available municipal land sold with restrictions under the Durban Land Alienation Ordinance, No. 14 of 1922, and the Natal Boroughs and Township Land Ordinance, No. 5 of 1923. These Ordinances enable municipalities in Natal to transfer, with the consent of the Administrator, land belonging to them under restrictive conditions of a racial character as to occupation or ownership. It is hoped that, as a result of this investigation, the principle of consultation between the Indian community and local bodies in matters of municipal administration affecting the former may be established, and more municipal land of a suitable nature be made available for Indians for housing purposes. Industrial laws, like the Industrial Conciliation Act, 1924, and the Wages Act of 1925 will be administered so as to enable Indian employees in industry to take their place on the principle of equal pay for equal work.

The second point is the new scheme of assisted emigration which the Government propose to organise for those Indians who may desire to avail themselves of it. Honourable Members are doubtless aware that section 6 of the Union Act, No. 22 of 1914, known as the Indians Relief Act, provides for the grant of a free passage from any port in the Union to any port in India to any Indian who makes a written request for such passage and signs as a condition of the grant of such request a statement that he abandons on behalf of himself and his wife and all minor children (if any) all rights possessed by him or them to enter or reside in any part of the Union together with all rights incidental to his or their domicile therein. This is an essential feature of the existing scheme of voluntary repatriation. Under the new scheme, Union domicile will not be lost except by three years' continuous absence from the Union in conformity with a proposed revision of the law which will be of general application, and an assisted emigrant wishing to return to the Union within the period of three years will be allowed to do so on repayment of the bonus and cost of passage including railway fares which he may have received on his own behalf and, if he has a family, on behalf of his family. Any objection that there might be to the existing scheme of voluntary repatriation on the ground that it requires of Indians wishing to avail themselves of it an irrevocable surrender of their Union domicile is thus removed. Another feature of the new arrangement is that each person of 16 years or over will be free to choose for himself whether he will or will not avail himself of the scheme of assisted emigration. At present for purposes of voluntary repatriation from South Africa, 21 years is treated as the age of majority and the Union domicile of a person under that age has to be signed away by the father if the latter wishes to avail himself of a free passage to India. It will be observed that the agreement provides for schemes of assisted emigration to be

organised "to India and other countries". The phrase is intended to cover the emigration of Indians who may return to India from South Africa, to the Federated Malay States and to Ceylon under schemes of emigration from India to those countries which are now operative.

The third point is that in regard to the entry into the Union of the wives and minor children of Indians resident in the Union, the principle underlying the Reciprocity Resolution of 1918 will be maintained, and that the prohibition of the entry of this class of persons after the 1st August, 1930, which was contemplated in the Areas Reservation and Immigration and Registration (Further Provision) Bill, is no longer envisaged.

The fourth point is that, in order to ensure effective and continuous co-operation between the two Governments, the Government of the Union of South Africa have requested the Government of India to appoint their agent in the Union. Direct relations between the two Governments will be permanently established if the Government of India accept the proposal which is now receiving their earnest consideration.

Lastly to inaugurate under the most favourable auspices the agreement which has now happily been reached between the Government of India and the Government of the Union the latter have decided not to proceed further with the Areas Reservation and Immigration and Registration (Further Provision) Bill. Honourable Members who have studied the provisions of that measure will appreciate with what relief this decision will be received by the Indian community in South Africa.

It is unnecessary to attempt an elaborate appreciation of the results of the Conference, of which a brief summary has been given. Honourable Members must judge for themselves. In doing so it is hoped they will bear fully in mind the position as it was a year ago. The Government of India are of opinion that the agreement reached is eminently satisfactory, and they have ratified it. They are confident that the considered judgment of the Indian Legislature will be in favour of the action they have taken.

The agreement reflects the utmost credit on our delegation which negotiated it. The Government and the people of India owe a great debt of gratitude to the whole delegation for the sagacity, skill and expedition with which they accomplished a difficult and delicate mission. Nor must we forget the services of the Paddison Deputation whose admirable preliminary work made a Round Table Conference possible. But it will be readily admitted that these satisfactory results could not have been secured unless the Government of South Africa had entered the Conference in a spirit of friendliness and good-will. In the reception which they gave to our delegates to the Conference, and in the courageous and sympathetic statesmanship which their representatives brought to bear on the solution of the Indian problem in South Africa, we have received unmistakable proof of the earnest desire of the Government and people of the Union to cultivate friendly relations with the Government and people of India. The agreement which has to-day been announced to the House is a convincing proof of their good-will. Let us treat it as such and endeavour to make it the basis of lasting friendship between India and South Africa. It is not suggested that all outstanding questions between the two countries have been solved. But the Government of India are confident that if the spirit that prevailed at the recent Conference at Cape Town endures, ultimate solution of the Indian problem in South Africa in a manner that will be satisfactory and honourable to both countries is assured.

Annexure containing summary of the conclusions reached by the Round Table Conference on the Indian question in South Africa.

I. Scheme of assisted emigration.—(1) Any Indian of 16 years or over may avail himself of the scheme. In case of a family, the decision of the father will bind the wife and minor children under 16 years.

(2) Each person of 16 years of age or over will receive a bonus of £20 and each child under that age a sum of £10. No maximum shall be fixed for a family. A decrepit adult who is unable to earn his living by reason of a physical disability may, at the discretion of the Union authorities, receive a pension in lieu of or in addition to the bonus. The pension will be paid through some convenient official agency in India out of a fund provided by the Union Government to such amount as they may determine. It is expected that the amount required will not exceed £500 per annum in all.

In every case the bonus will be payable in India on arrival at destination or afterwards, through some banking institution of repute.

(3) Free passage, including railway fares to port of embarkation in South Africa and from port of landing in India to destination inland, will also be provided.

(4) Emigrants will travel to India *via* Bombay as well as *via* Madras. Emigrants landing at Bombay will be sent direct from the ship to their destination at the expense of the Union Government.

Survey and certification of ships shall be strictly supervised and conditions on the voyage, especially in respect of sanitary arrangements, feeding and medical attendance, improved.

(5) Before a batch of emigrants leaves the Union, information will be sent to some designated authority in India at least one month in advance giving (a) a list of intending emigrants and their families, (b) their occupation in South Africa and the occupation or employment which they would require in India, and (c) the amount of cash and other resources which each possesses. On arrival in India emigrants will be (i) advised, and so far as possible, protected against squandering their cash or losing it to adventurers, and (ii) helped, as far as possible, to settle in occupations for which they are best suited by their aptitude or their resources. Any emigrant wishing to participate in emigration schemes authorised by the Government of India will be given the same facilities in India as Indian nationals.

(6) An assisted emigrant wishing to return to the Union will be allowed to do so within three years from the date of departure from South Africa. As condition precedent to re-entry, an emigrant shall refund in full to some recognized authority in India the bonus and cost of passage including railway fares received on his own behalf and, if he has a family, on behalf of his family. A *pro rata* reduction will, however, be made (i) in respect of a member of the family who dies in the *interim* or a daughter who marries in India and does not return, and (ii) in other cases of unforeseen hardship, at the discretion of the Minister.

(7) After expiry of three years Union domicile will be lost in agreement with the proposed revision of the law relating to domicile which will be of general application. The period of three years will run from the date of departure from a port in the Union and expire on the last day of the third year. But to prevent the abuse of the bonus and free passage by persons who wish to pay temporary visits to India or elsewhere, no person availing himself of the benefits of the scheme will be allowed to come back to the Union within less than *one* year from the date of his departure. For purposes of re-entry within the time limit of three years, the unity of the family group shall be recognised, though in cases of unforeseen hardship the Minister of the Interior may allow one or more members of the family to stay behind. A son who goes with the family as a minor, attains majority outside the Union, marries there and has issue will be allowed to return to South Africa, but only if he comes with the rest of his father's family. In such cases he will be allowed to bring his wife and child or children with him. But a daughter who marries outside the Union will acquire the domicile of her husband and will not be admitted into the Union unless her husband is himself domiciled in the Union.

II. Entry of wives and minor children.—To give effect to paragraph 3 of the reciprocity Resolution of the Imperial Conference of 1918, which intended that an Indian should be enabled to live a happy family life in the country in which he is domiciled, the entry of wives and children shall be governed by the following principles:

(a) The Government of India should certify that each individual for whom a right of entry is claimed, is the lawful wife or child, as the case may be, of the person who makes the claim.

(b) Minor children should not be permitted to enter the Union unless accompanied by the mother, if alive, provided that

(i) the mother is not already resident in the Union, and.

(ii) the Minister may, in special cases, permit the entry of such children unaccompanied by their mother.

(c) In the event of divorce, no other wife should be permitted to enter the Union unless proof of such divorce to the satisfaction of the Minister has been submitted.

(d) The definition of wife and child as given in the Indians Relief Act (No. 22 of 1914) shall remain in force.

III. *Upliftment of Indian community.*—(1) The Union Government firmly believe in and adhere to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplifting of every section of their permanent population to the full extent of their capacity and opportunities, and accept the view that in the provision of education and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people.

(2) It is difficult for the Union Government to take action, which is considerably in advance of public opinion, or to ignore difficulties arising out of the constitutional system of the Union under which the functions of Government are distributed between the Central Executive and the Provincial and minor local authorities. But the Union Government are willing :

(a) in view of the admittedly grave situation in respect of Indian education in Natal, to advise the provincial administration to appoint a provincial commission of inquiry and to obtain the assistance of an educational expert from the Government of India for the purpose of such inquiry ;

(b) to consider sympathetically the question of improving facilities for higher education by providing suitable hostel accommodation at the South African Native College at Fort Hare and otherwise improving the attractiveness of the institution for Indians ;

(c) to take special steps under the Public Health Act for an investigation into sanitary and housing conditions in and around Durban which will include the question of

(i) the appointment of advisory committees of representative Indians ; and

(ii) the limitation of the sale of municipal land subject to restrictive conditions.

(3) The principle underlying the Industrial Conciliation Act (No. 11 of 1924) and the Wages Act (No. 27 of 1925) which enables all employees including Indians to take their places on the basis of equal pay for equal work will be adhered to.

(4) When the time for the revision of the existing trade licensing laws arrives, the Union Government will give all due consideration to the suggestion made by the Government of India Delegation that the discretionary powers of local authorities might reasonably be limited in the following ways :

(1) The grounds on which a licence may be refused should be laid down by statute.

(2) The reasons for which a licence is refused should be recorded.

(3) There should be a right of appeal in cases of first applications and transfers, as well as in cases of renewals, to the courts or to some other impartial tribunal.

IV. *Appointment of Agent.*—If the Government of the Union of South Africa make representations to the Government of India to appoint an agent in the Union in order to secure continuous and effective co-operation between the two Governments, the Government of India will be willing to consider such a request.

Pandit Motilal Nehru (Cities of the United Provinces : Non-Muham-madan Urban) : May I ask, Sir, if a day will be allotted for the discussion of this question?

The Honourable Sir Alexander Muddiman (Home Member): Sir, it is not the intention of Government themselves to put down a Resolution, but if any considerable body in this House desires to put down a Resolution, then, Sir, I would suggest the following procedure for your concurrence. The position is this. We are now getting very close to the Budget and we should desire to bring this on, should it be the desire of any considerable body in the House to have such a discussion, on the 1st of March. That would involve you, Sir, taking a little shorter notice of a Resolution than is usual. We on our side also would take shorter notice; and I would suggest to Members that in return for that they should come to a decision whether they do desire to discuss this matter and, if so, give notice of any Resolution they wish to move before the House meets on Thursday next. If that proposal meets with general approval then the 1st of March would be a convenient date to take it and I am prepared to make it available if necessary.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, may I beg to enquire if facilities will be given by the Government to circulate to Honourable Members the statement which has just been read out to the House?

The Honourable Sir Alexander Muddiman: I understand it is being handed round at this very moment.

Sir Hari Singh Gour: It is only the annexure that is being handed round.

The Honourable Sir Alexander Muddiman: What does the Honourable Member refer to?

Sir Hari Singh Gour: The statement which has been made by Mr Bhore.

The Honourable Sir Alexander Muddiman: That will appear in the proceedings of which my Honourable friend can have copies.

Sir Hari Singh Gour: But we shall not get printed copies of the proceedings before Thursday.

Mr. J. W. Bore: May I say, Sir, that I shall do my best to make the statement available to Honourable Members of this House as soon as possible.

Mr. B. Das (Orissa Division: Non-Muhammadan): May I enquire, Sir, if the Government of India have so far taken any action on the statement which was just read out by Mr. Bhore, or will they wait till this side of the House has expressed some opinion on the floor of the House?

Mr. President: The Honourable Member should have followed the statement: Mr. Bhore made it perfectly clear that so far as the Government of India were concerned they had ratified the agreement.

MOTION FOR THE ELECTION OF A PANEL FOR THE STANDING COMMITTEE TO ADVISE ON SUBJECTS IN THE DEPARTMENT OF INDUSTRIES AND LABOUR.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, I beg to move:

"That this Assembly do proceed to elect in the manner described in the rules published in the Home Department notification No. F-49, dated the 22nd August,

1922, as amended by the Home Department notification No. D-794-C., dated the 30th January, 1924, a panel consisting of 9 members from which the members of the Standing Committee to advise on subjects in the Department of Industries and Labour will be nominated."

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I regret that notice of this motion was not received by us in time to enable us to give the requisite two days' notice of any amendments. I would like to know, Sir, whether you would permit us to move an amendment to this Resolution at this stage.

The Honourable Sir Alexander Muddiman (Home Member): To meet the Honourable Member's views I will put this item of business down on another day. That will give him the time he wants.

Mr. President: Is it proposed to postpone this item?

The Honourable Sir Alexander Muddiman: Yes.

Mr. President: Does any Member move its postponement?

The Honourable Sir Alexander Muddiman: I do. I move that, to meet the point about short notice, the consideration of this motion be deferred.

Mr. President: The question is:

"That the consideration of this motion be deferred."

The motion was adopted.

THE STEEL INDUSTRY (PROTECTION) BILL—*contd.*

Mr. President: The Assembly will now resume further discussion of the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee. The question is:

"That clause 2 do stand part of the Bill."

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir

The Honourable Sir Charles Innes (Member for Commerce and Railways): Might I, Sir, before we proceed to Mr. Jamnadas Mehta's amendment, ask what action you propose to take in regard to these new amendments of which notice was received by me only on Saturday evening?

Mr. L. Graham (Secretary, Legislative Department): I should like to say, Sir, that they were handed in at the office at 1-30 P.M. on Saturday.

Mr. President: That question does not arise at present. Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: Sir, I beg to move:

"That for sub-clause (1) of clause 2 of the Bill the following be substituted:

(1) For sub-section (4) of section 3 of the Indian Tariff Act, 1894, the following sub-section shall be substituted, namely:

'(4) If the Governor General in Council is satisfied, after such inquiry as he thinks necessary, that articles chargeable with duty under Part VII of the Second Schedule are being imported into British India at such a price as is likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India, he may by notification in the Gazette of India increase such duty to such extent as he thinks necessary.'

[Mr. Jamnadas M. Mehta.]

Sir, I would have moved this amendment without any long speech. Even now I propose to be as brief as possible, but since I move my amendment for reference back of this Bill to the Select Committee several observations have been made by Sir Charles Innes and my Honourable friend Mr. Jinnah about certain figures and about the conclusions I drew from those figures; and I therefore feel compelled to take notice of those observations.

Sir, I am sorry that the House did not accept the reference back to Select Committee. So long, however, as the principle of Imperial Preference persists in the Bill we are determined to fight it inch by inch and step by step; our determination to resist Imperial Preference at every stage is undying and deathless. Sir Bhupendra Nath Mitra—who I am sorry is not here—and my Honourable friend Sir Charles Innes, who is here, contended that the protection that was being given under this Bill to the steel industry was adequate and that the apprehensions which I had shown in 1924 had proved to be groundless. As a matter of fact I will show by a brief reference to the facts that the apprehensions which I had then entertained have proved to be absolutely well-founded and that the same will be the case about this present Bill, namely, that it will not give sufficient protection to the Tata industry. As will be found from paragraph 18, Table III, on page 12 of the Tariff Board's Report, as a result of the sum of Rs 57.37 per ton in addition to the works cost which was assured to the Tatas in 1924 they should have got by the end of 1926-27 on a production of 927,000 tons during the course of these 3 years on the basis of the protection guaranteed as aforesaid in addition to the works costs a sum of Rs 532 lakhs. As a matter of fact they will realise only Rs 4,18,00,000, so the protection afforded to the industry will fall short by Rs 1,13,00,000 in the course of these 3 years. The Tariff Board try to minimise that shortage and by various steps which are by no means convincing they bring it down to a sum of Rs 16 lakhs. Even accepting that—I do not accept that for a moment though—the protection has fallen short by Rs. 16 lakhs only it shows that the industry cannot flourish. Sir, in the course of these three years of protection, Tatas have paid to the country and to the Government on behalf of this industry nearly Rs 150 lakhs on account of customs duty, income-tax, railway freight and other things on their goods which they have ordered, carried and sent down the country. (An Honourable Member: "Railway freight?") Yes; Tatas have paid that sum. If my Honourable friend wants the figures very much in detail I have no hesitation in giving them to him, but I thought I might summarise all the figures; those figures show that Tatas have paid in the course of three years (I am taking the average of the first two years; the third year's figures are not yet available) the following sums to the country and to the Government as a result of the existence of their industry and these figures represent the customs duty, income-tax, railway freight and other items: the sum is not merely Rs. 150 lakhs, but nearly Rs. 250 lakhs. They have paid Rs. 150 lakhs as interest on the loans which they had borrowed for the purpose of running the industry, and they have paid Rs. 425 lakhs to labourers who are earning their wages there. As a result of the investment of a capital of Rs. 15 crores or Rs. 16 crores, this industry has paid to the Government a sum of Rs. 250 lakhs in three years; to their creditors a sum of Rs. 150 lakhs and to their wage-earners a sum of Rs. 425 lakhs during the same period. As against this, what have the owners of that concern, the people who have invested their money in that concern, got? That will show whether the industry has

got adequate protection. As against a total sum of Rs. 825 lakhs which the industry will have paid in the course of three years to Government, to the creditors and to their employes, the owners of the industry have got in the course of these three years the sum of Rs. 4,50,000 by way of partial dividend on the first preference shares. On a capital of Rs. 18 crores, or on assets of Rs. 19 crores which the Tariff Board have written down to nearly Rs. 18 crores, the owners of this industry, the people who have invested their money have got the magnificent sum of Rs. 4,50,000 in the course of three years and they might get something more this year. Taking things at the maximum sum of Rs. 10 lakhs in the course of three years over a capital of Rs. 18 crores, it works out at the magnificent percentage of less than $\frac{1}{2}$ per cent per year. Sir, is this any inducement? Is there any possible attraction to the investor of money to sink his capital more and more in an industry which under the so-called State protection gets a return of $\frac{1}{2}$ per cent. I have been compelled to go into the figures, because my Honourable friend, Sir Charles Innes, said that I was trying to do too much. Here is the fact that in the course of three years the owners of the industry who have put Rs. 18 crores in it will not have got more than Rs. 10 lakhs on their investment. If this is too much, I fail to see what is too little; and if investors of money are attracted to sink their capital at such great return on their money I really wish them God-speed. Yet, Sir, we have made sacrifices. The people of India have made sacrifices of at least three crores. As a result of three years' working, the owners of the industry have got only Rs. 4,50,000. There is only one more item about this subject of return on capital that I would like to bring to the notice of the House. That relates to the writing down of the fixed assets of the Company which the Tariff Board has done. By certain processes, into the details of which I need not go, they have written down the fixed assets of this company to Rs. 12 $\frac{1}{2}$ crores. Now, Sir, it is a matter of good fortune that the amount which they have written down happens to have been spent out of the depreciation and other reserves; but if unhappily the amount which they have written down was the paid-up capital of the Company, then to-day the capital of the Tata concern would have been written down by something like Rs. 4 or 5 crores, and there would have been further, discouragement to any investor to sink his money in the Tatas' or any steel industry. That of course is the clear result of the exchange, for which my Honourable friend, Sir Charles Innes, will be very grateful to his friend on his right; but so far as the investor is concerned, he will have not the least inducement where, in spite of State protection, the capital has still to be written down to the extent of Rs. 3 or Rs. 4 crores in the course of three years, even while the protection is running. This is the adequacy of the protection of which my friend Sir Bhupendra Nath Mitra made so much and of which the Honourable Sir Charles Innes talked so much. I am sorry that instead of answering these arguments, Sir Charles Innes got into temper and made a sorry exhibition of himself; he is old enough almost to be my father; and I want to set him an example in controlling his temper, by not abusing him in return. I am prepared to leave the matter at that and thus to show that young men can control their temper where old men cannot. I shall leave the matter there.

Then I must refer to my Honourable friend Mr. Jinnah who was equally emphatic in denouncing me. In fact he argued that I carried a number of books about with me under my arm. (Mr. M. A. Jinnah: "Shame.") Very well, Sir; it is a perfect shame that any man should read things before

[Mr. Jamnadas M. Mehta.]

talking about them. I am sorry to admit that to me, when I am ignorant about a particular thing, the only way by which I can obtain knowledge is by carrying books which I must read. To Mr. Jinnah where arguments fail, he makes up by gestures and poses, where his head is empty; I do not want to follow his method or to imitate his example. (Mr. M. A. Jinnah: "You cannot do it".) I do not want to. I have no poses; no gestures; I have hard facts which do not enter your brain. But leaving Mr. Jinnah to his gestures and his poses, I must come down to the hard realities of the situation, and they are these. I have already shown that the protection given to Tatas is not sufficient and that it will not attract fresh capital; therefore the only way in which you can attract fresh capital without penalising the consumer is the method on which this amendment will embark the House. Sir, I have already given last week a detailed statement about the amount of bounty that will be required; the receipts from the protective duties will be more than sufficient to give the bounties. No attempt was made to challenge those figures . . .

The Honourable Sir Charles Innes: May I rise to a point of information, Sir? I take it that the Honourable Member is taking all his three amendments together?

Mr. Jamnadas M. Mehta: Not a bit. This amendment will decide the fate of your discriminating duties. If this amendment is passed, it will show that the House is not in favour of discriminating duties and that what the House prefers is only uniform duties on all articles. In that case, my other amendments will simply be moved and voted upon.

Mr. President: I should like to know what exactly the position is. The Honourable Member from Bombay moves his amendment No. 7 on the list?

Mr. Jamnadas M. Mehta: Yes, Sir.

Mr. President: And he does not now move his amendments which stand as No. 11 and No. 13. If this amendment No. 7 is carried, he then proposes, I understand, to move his amendments Nos. 11 and 13. If this amendment No. 7 is lost, I take it that he does not wish to move those amendments.

Mr. Jamnadas M. Mehta: Quite right, Sir.

The Honourable Sir Charles Innes: That means, Sir, that the whole subject of bounties is open to discussion?

Mr. President: The whole subject of bounties is therefore open to discussion.

Mr. Jamnadas M. Mehta: Thank you very much, Sir. That is exactly the position. As you have just pointed out, if this amendment is carried, then only I shall move the other amendments standing in my name, except the one to the Preamble.

As I pointed out last week at great length, on the facts and figures of the Tariff Board themselves, if we embark on a joint system of bounties and protective duties, we will secure three things. We will give adequate protection to the industry; we will put the lightest burden on the consumer and we will put the least possible sum in the hands of the Government consistent with these two objects. These three objects will be accomplished if the bounty system is adopted; according to the figures

which I gave that day, the output of Tatas during the next seven years is unvarying and constant. If the Tariff Board is right,—and the Government have proceeded on the basis that the Tariff Board is right,—the output of Tatas during the next seven years is known in advance;—it is an average figure of 5 lakhs of tons,—it is therefore no good belogging the issue by alleging that Tatas' production will increase and therefore bounties cannot be paid. Sir, the strength of my argument lies in the figures of the Tariff Board, namely, that during the next seven years the output of Tatas is the unvarying figure of 5 lakhs of tons a year; we are not called upon to pay bounties on the whole 5 lakhs of tons, but on 2,03,000 tons of structural sheets, plates and bars. On the other output no bounty is needed, because it will be protected by the uniform duty. It is only on these four articles whose average output per year during the next seven years is the constant figure of 2,03,000 tons that bounty will have to be paid, and the amount of bounty which will have to be paid for these is also known, namely, Rs. 25,52,000. This is the average and no more; therefore, the only thing that now remains for the House is to satisfy itself whether this sum of Rs. 25,52,000 is available. It is no use going into the speculative aspect that more output is possible, and so on. That is definitely ruled out. The Tariff Board themselves say that a larger output will not be possible, and this is the most important fact which the Honourable the Commerce Member forgot, namely, that the output of Tatas cannot increase, and any additional steel that is needed for consumption in the country must come from abroad. That is a fundamental fact which cannot be ignored.

The Honourable Sir Basil Blackett (Finance Member): What about new companies?

Mr. Jamnadas M. Mehta: They will not help you at all, because the Tariff Board themselves say that it will not be possible, even if a new company were started, for it to manufacture steel for five years, and for a further period of five years it will not be possible to find out whether the concern will be successful or not. (*An Honourable Member*: "Question.") You may question the Tariff Board's statement although it is your gospel; when the Tariff Board themselves say that for five years no concern which is started will be able to manufacture steel, and for a further period of five years it will not be possible to find out whether the manufacture of steel will be successful or not, my case is proved; of course it is only right that Government should not accept it when it does not suit them. That is what they have done throughout. But, Sir, for the purposes of honestly coming to a right conclusion on this question, I think it is only right that the House should accept what the Tariff Board have said on this matter. They clearly point out that there is no likelihood of any new concern being started in the near future, as the Legislature does not give any definite assurance to the prospective investors that protection will be maintained not merely until the pioneer company needs it but also so long as any other companies that may come into existence will need it. Therefore, Sir, it is no use saying that the output will be increased by the imposition of any additional duty in the next seven years. That being so, and the output of Tatas being known, and the requirements of the country also being known, namely 12 lakhs of tons and over, Tatas can only produce 500,000 tons per year, the additional steel that will be required must come from abroad, and that will be, on these figures, over 7,00,000 tons. And you have got this available tonnage for taxation if you want to pay bounties to Tatas.

[Mr. Jazmnadas M. Mehta.]

Now, Sir, I have calculated the figures, and I maintain that those figures are on the whole very accurate. I say that the amount which Government will receive from the import of 700,000 tons, excluding the revenue duty of 10 per cent. will come to about 65 lakhs of rupees in the course of a single year. And it cannot decrease, as Tatas cannot increase their output and if Rs. 25,52,000 is the amount that we have to pay and if 65 lakhs and odd is the amount which we must receive as the protective duty, I ask, Sir, where is the difficulty, where is the harm in adopting the system of bounties and thereby protecting the consumer to the extent of 40 lakhs? That is the point. Now, Sir, if 25 lakhs are to be paid and if 65 lakhs are produced from protective duties, the amount of 40 lakhs will remain as a margin against any possible fluctuation in the figures that I have put forward. Supposing that even 40 lakhs a year are not sufficient there still remain the sum of a crore of rupees with the Government out of the duties already collected; all these additional duties on Continental steel then become unnecessary and these additional duties which I want to avoid, approach a figure somewhere near 40 lakhs. I say, the consumer in this country has a right to demand from the Legislature that it will not place on his shoulders the burden of a single rupee more than is needed for the protection of the industry. Therefore, Sir, I maintain that the Tariff Board really went out of their way in recommending the additional duty on Continental steel; I maintain their recommendation was *ultra vires*, and in making their recommendation they have gone beyond their terms of reference. They had to consider what was necessary for the protection of the industry and no more.

Sir, the basic idea behind a policy of protection is that you will consider the industry first and that you will consider the consumer second. 12 Noon. This is protection. So long as protection is necessary, I will not consider the consumer. But so soon as protection is adequate, certainly the consumer's claim shall be paramount and nobody else's and I blame the Government and the Tariff Board for not having considered the consumer's claim after they had provided for the protection of the industry. Here I have indicated that the industry can be adequately protected and therefore any further burden on the consumer without extending benefit to the industry is entirely gratuitous and one which this House should not endorse. And, Sir, what is the answer to that? The answer to that has been given in those elaborate figures which my Honourable friend Mr. Jinnah gave which shows the danger of a man who lives in the air. He was all the time in the air when he gave those figures. When he was not in the air he was at sea. He was either at sea or in the air; never, I am sorry to say, on solid ground. Therefore, I must bring him down to the solid earth, for the real facts are very different to what he imagined when he was in the air or at sea. Now, Sir, what is the reason for not giving this relief to the consumer? "Oh, the dealers in steel are such undesirable people. They are such greedy people that, whatever difference will remain between the prices of British steel and the lower prices of Continental steel, instead of ensuring to the benefit of the consumer, will be swallowed by the middleman and by the dealer and really the consumer will not benefit; therefore raise the duties on Continental steel." This is the argument. Now, Sir, in the first instance, the Tariff Board themselves do not go as far as Mr. Jinnah goes. It is one of the beauties of Mr. Jinnah's argument that he defends the Government against themselves and the Tariff Board against themselves. The Government themselves, though Sir Charles Innes, had admitted that there was Imperial

Preference. My friend, Mr. Moore, pointed out that there was Imperial Preference, however little it may be. Mr. Jinnah says there is none. Similarly, the Tariff Board say, not that the consumer does not get any advantage. What the Tariff Board say is that the consumer does not get the full advantage. But Mr. Jinnah talked of rings. Here on page 58, para. 153, the last four lines, the Tariff Board say:

"Under existing circumstances, therefore, it appears that the consumer does not gain the advantage of the full difference"

All the Tariff Board say is that the advantage of the full difference between the British price and the Continental price does not enure to the benefit of the consumer. But Mr. Jinnah talked of rings and combinations which raised the price of Continental steel practically right up to the price of British steel. And, Sir, as a result he went so wrong that I do not know when he will become right again. This will be clear by once more referring to Mr. Godrej. I quoted him last time; he is a gentleman who is not dealing in steel; he is a large manufacturer of safes, who uses Continental steel for the purposes of these safes. (*An Honourable Member*: "Safe safes unsafe safes?") Yes, very safe. Even when His Royal Highness the Prince of Wales was here, Mr. Godrej's safes were used. So there is no doubt of the good quality of Mr. Godrej's safes. And it is enough to silence Mr. Jinnah, if he really wants honest testimony on the other side; here is a telegram from Mr. Godrej, dated the 15th,

"Tatas have repeatedly quoted us Rs. 228 per ton in Bombay for steel sheets. That we get from Germany for Rs. 111."

Now, notice. They get Continental sheets for Rs. 111 per ton as against Tatas' Rs. 228 in Bombay, landed in Bombay, c.i.f. without duty. With the present duty, the price comes to Rs. 141. With the proposed basic and additional duties, the Continental price will be Rs. 170 per ton as against Tatas' price of Rs. 228. It proves that, even if you raise the price to Rs. 170 by imposing the higher duty, Tatas cannot sell their steel in Bombay against the Continental steel which will be Rs. 170 against Tatas' Rs. 228. So that Tatas do not stand to gain at all from these additional duties. This proposed duty would therefore prove disastrous without helping Tatas in the least. Moreover, to complete the disaster, the additional duty is subject to enhancement. That is again another feature which Mr. Godrej points out, that to add to the disaster, even additional duty is not the last burden on the consumer. It may even be increased so that there is no limit to the possible burden on the consumer, if the new scheme is ratified by Government. Therefore, I think, I have established to the satisfaction of the House that this additional duty will not help Tatas at all. It will only make Continental steel dearer, when it could otherwise be cheaper.

Then, Sir, supposing even we thought the dealer was such an undesirable person as to swallow all the difference. What is the alternative offered by Government? They put themselves in the shoes of the dealer. What the dealer took, they propose to take for themselves. If as a result of their Bill the Government were going to give any relief to the consumer, we could understand that. But what they propose to do is just to step into the shoes of the dealer and pocket all the difference themselves. This sympathy for the consumer is really wonderful, and now we can understand why they want to sympathise with the consumer because they want to take the profit which the dealer, they allege, now takes. They simply, as I say, place themselves in the shoes of the dealer

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and pocket the difference themselves. (*An Honourable Member*: "For whose benefit?") For their own benefit. (*An Honourable Member*: "For the country's benefit.") Because I maintain that protection is not to be used as a lever for increasing their income by any Government. Under the plea of protection no Government has the right to take more from the tax-payer than is necessary for giving protection to the industry. Sir, I do not want to go on with this point further because I am sure it is patent to anybody that under the Government scheme neither Tatas gain nor the consumer gains. Only Government get some 40 lakhs by way of revenue.

Then, Sir, there is another point. My friend Mr. Chetty pointed out the other day that in Australia the Government adequately protected their industry. The slogan was "Australia for the Australians." I have another example; of the iron and steel industry in South Africa. A corporation has been formed there with a huge capital for the production of steel. A message, dated 10th February, from Cape Town says:

"The Assembly passed the first reading of the Bill introduced by the Minister of Defence, Col. Cresswell to promise the development of the iron and allied industries within the Union. A South African Iron and Steel Corporation will be formed with a capital of £3,500,000 and a directorate of nine, of whom five will be Government nominees, for the acquisition of the rights relating to the production and treatment of iron and steel and prospecting for deposits, etc."

The capital will comprise two million ordinary pound sterling shares of which the Government will take 500,000. The remainder, and also one and a half millions preference shares, will be offered to the public."

The Government give preference to the investor and though they themselves take £500,000 worth of shares they remain in the background so far as the profits are concerned. The Government invest capital themselves. They give their own capital second place in the scheme of the return on that capital. Then:

"Power is given to augment the capital by £250,000 and also to raise a loan not exceeding £1,500,000. The Bill provides that the iron and steel requirements of South African Railways shall be bought from the Corporation."

Not only do they give their own capital second place, they go further and say:

"The Bill provides that the iron and steel requirements of South African railways shall be bought from the Corporation at a price not over 10 per cent. above the cost of the imported articles."

This is the kind of protection which the Government of South Africa give to their own industry. I have told you of the protection our Government propose to give to the industry where for a capital of 13 crores the magnificent sum of Rs. 4,50,000 has been earned as dividend in the course of three years of protection. For these reasons, Sir, I hope the House will accept the scheme which I have placed before them for acceptance, namely, no rupee that is not needed for the protection of the industry shall be taken out of the pockets of the consumer. So long as the industry needs protection, tax the consumer by all means. The moment it does not need it that tax is undesirable and outside the rights of the Tariff Board to recommend, and thirdly, the Government shall not make this protection a source of adding to the revenue income without benefiting Tatas or the industry.

There is only one more fact to which I shall refer for Mr. Jinnah's edification and then resume my seat. Mr. Jinnah thought that there was no difference in the price of the Continental and British steel in the bazars. I will give you only four sets of figures and they will show that the price of imported Continental beams in Calcutta in 1926 January was Rs. 42 less than the price of the British articles of corresponding quality, so that the consumer got the benefit of Rs. 42 a ton in January on beams. In February he got the advantage of Rs. 43 a ton. In March he got Rs. 47 as the advantage. The difference between the selling price in Calcutta and the imported British price was Rs. 47. Again in April the difference was Rs. 42. Now, Sir, if there is an import of 100,000 tons of beams in Calcutta, at the rate of Rs. 42 a ton the consumer will benefit nearly Rs. 42,00,000 as a result of the difference between the British article and the Continental article. In the case of angles the difference is Rs. 12, Rs. 14, Rs. 14, and Rs. 20 between the Continental selling price and the selling price of the imported British article. On bars the difference is Rs. 31, Rs. 31, Rs. 36 and Rs. 44 in Calcutta in January, February, March and April 1926. In plates the difference is Rs. 19, Rs. 26, Rs. 39, and Rs. 41. These figures will enlighten Mr. Jinnah as to the consumer's benefit without the additional duties. On steel sheets the difference is Rs. 29, Rs. 25, Rs. 24 and Rs. 32. This is the benefit which Mr. Jinnah would deprive the consumer of under the new scheme to which he has given his blessing. While I admit that the prices in Bombay are not so favourable to the consumer as they are in Calcutta, even that much-maligned Bombay importer, whom Mr. Jinnah without the shadow of a foundation charged with having formed a ring, over that much-maligned individual sells on an average Continental steel at Rs. 17-4-0 cheaper than the British article of corresponding type. That is the average and I refer Mr. Jinnah to these figures. If he wants it I can give the statement to him. Therefore, it is clear that in Calcutta the consumer has an advantage not because the Calcutta dealer is an angel but because Tatas can compete in Calcutta and therefore the prices are down. They cannot compete in Bombay and therefore the prices are not down to the same extent as in Calcutta but the difference is all the same there, Rs. 17 in Bombay and Rs. 30 in Calcutta. If this House wants to maintain this difference and thereby benefit the consumer, then I suggest that they should accept my amendment and having done so protect the consumer to the extent of Rs. 40 lakhs a year. Sir, I have done.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, I congratulate my Honourable friend Mr. Jamnadas Mehta for adopting the tone that he has done, barring, of course, the usual exuberance which he cannot help. It is a second nature with him and a habit. Therefore I do not wish to say anything more about it. Now, Sir, his last argument was that in Calcutta the consumer benefits because not only has the Continental steel got the British steel there to reckon with but the Tata steel also gets in and therefore the consumer benefits. But he admits that in Bombay and in other ports where the Tata steel cannot make its way the middleman has the field entirely to himself and that is exactly my argument that it is the middleman and not the consumer in these ports who really benefits.

His next point was this. He said that the Australian Government and the South African Government were putting forward schemes for

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the protection of their industries. He was enamoured of the scheme for the protection of the steel industry in South Africa and he was full of praise for it. Sir, I am not standing here for the scheme embodied in the Bill as the very best or a perfect scheme. The House here is concerned with what?—with three schemes. One is the scheme embodied in the Bill, the other is the scheme of my Honourable friend Mr. Chetty of the weighted average and the third is that of my Honourable friend Mr. Jamnadas. We have got these three schemes and I have to make a choice and I make the choice of the least evil and I say that the scheme embodied in the Bill is the best for all interests concerned. That is my answer. I am not here in a position to start a new scheme which may be better.

The next point of my Honourable friend was this. He says that I have gone further than the Tariff Board in advocating the cause or championing the cause of the recommendations of the Tariff Board. He said that even the Tariff Board says that the consumer does not get advantage to the full extent. Thereby he understands that the consumer does or will get an advantage to a certain extent. Now, Sir, either my Honourable and learned friend has really not carefully read that paragraph or, if I may say so, he has not understood it and I will read it to the House and to him so that he may see whether what he implies can be spelt out from this paragraph. What the Tariff Board says is this, that the consumer does not get the fullest advantage in all parts of India. He does get an advantage in Calcutta but not in all parts of India.

Mr. Jamnadas M. Mehta: Where is that?

Mr. M. A. Jinnah: That is what my Honourable friend has not understood and not appreciated. I will read the paragraph. If you will read it again in your calmer moments, you will realise it. This is what the Tariff Board say in paragraph 103:—

“We have received evidence that in other port towns competition is more limited and less severe than in Calcutta—where it is accentuated by the sale of the Steel Company's products—and that the general level of prices of Continental steel is higher. Under existing circumstances, therefore, it appears that the consumer does not gain the advantage of the full difference between the duty paid price of Standard and Continental material in every part of the country.”

That is to say, in other parts of the country he does not get the fullest advantage, but in Calcutta he does, and what is more, Mr. Jamnadas himself pointed it out as his last point that in Calcutta he does. That is what the Tariff Board mean. I was replying to the argument of my friend Mr. Jayakar and other Members who asked “What will happen to consumers in ports like Bombay, Karachi, Madras and Rangoon, where Tata's steel does not get in?” My answer was that in those parts, there is a combine, there is a ring of merchants and it is the middleman who takes the money and the profit, and the consumer does not benefit. That was my answer.

Mr. M. B. Jayakar (Bombay City: Non-Muhammadan Urban): Does my Honourable friend admit that in Bombay there is a difference of Rs. 17 in the price of Continental steel, as pointed out by Mr. Jamnadas Mehta?

Mr. M. A. Jinnah: I think Mr. Jayakar had not understood the point when he put the question. Mr. Jamnadas gave the figure that in Calcutta

the consumer has got the benefit, because Tata's steel is there. That is a different state of affairs. I am dealing with the question of places where it is suggested that Tata's steel does not get in, namely, Bombay, Madras, Karachi and Rangoon.

Mr. Jamnadas M. Mehta: Does my Honourable friend realise that Calcutta also is deprived of this advantage under the scheme of which he is becoming so fond?

Mr. M. A. Jinnah: The scheme of Mr. Jamnadas, which we are discussing, is on a very different footing. I object to Mr. Jamnadas Mehta's scheme on the ground that he introduces a vicious principle of bounties, and I say it is a vicious system. Bounties should and can be given only in cases of emergency or for a short or a provisional period. You cannot have a system of bounty introduced in this kind of scheme for seven years, and I have dealt with that point.

Then, the next point was that Mr. Jamnadas said that even the Tariff Board have said that new firms will not come in. Mr. Jamnadas is quite wrong. Paragraph 144 of the Report of the Tariff Board distinctly says that the new firms may come in and I will only read a few lines with regard to that. They say:

"We have, therefore, considered, how far our proposals will suffice for the protection of any new works which may be established. We believe that provided modern plant is installed and full advantage is taken of the accumulated experience of steel making in India as well as in other countries, a new works should be able, as soon as a reasonable level of output has been reached, to produce steel at a cost not exceeding our estimate of the Tata Iron and Steel Company's average costs. In estimating the charges for overhead and profit, we have based our figures on the capital cost of erecting a steel works at the present time and our proposals should therefore be generally suitable for a new undertaking. The representatives of the Indian Iron and Steel Company and the United Steel Corporation of Asia, both of which firms have considered plans for erecting steel works in India, have stated in the course of their oral evidence that a system of protection which would be adequate for the Tata Iron and Steel Company would be sufficient for any new works. We believe, therefore, that so far as the scale of duties is concerned, our recommendations are adequate both for the existing Company and for any new works which may be started."

Mr. Jamnadas M. Mehta: Will you read further on? Do not stop there.

Mr. M. A. Jinnah: Sir, am I to read the whole report for Mr. Jamnadas's benefit?

Mr. Jamnadas M. Mehta: For your own edification.

Mr. M. A. Jinnah: Mr. Jamnadas wants me to read the whole report. Mr. Jamnadas says that the Tariff Board have not taken into consideration the question of new firms coming in. That is not so. Now, Sir, have we not got already in existence the Hukumchand Steel Company? Have we not got another company which is called the Gumadev Company, which are likely to make bars? Yes, actually they have started.

Mr. Jamnadas M. Mehta: Actually when?

Mr. M. A. Jinnah: Within a very short time they will. I think they have started making them. I say, Sir, that these companies exist. Now, Mr. Jamnadas knows perfectly well when he talks about the 56 lakhs of rupees which will be in the coffers of the Government which he says can be utilised for the payment of bounties, that it will not continue and

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cannot go round. Mr. Jamnadas' first fallacy is this. Mr. Jamnadas assumes that these prices upon which he proposes his scheme will continue without any variation for seven years. Supposing the price went down by Rs. 5.

Mr. Jamnadas M. Mehta: That is the amendment.

Mr. M. A. Jinnah: Mr. Jamnadas is so full of his own points that he does not even try to understand the other point of view.

(At this stage Mr. Jamnadas M. Mehta stood up to interrupt.)

Mr. President: The Honourable Member must not interrupt the Honourable Member, Mr. Jinnah. He knows that during the whole of his long speech Mr. Jinnah never interrupted him in the least.

Mr. M. A. Jinnah: Sir, Mr. Jamnadas says fixed duty or basic duty, and then he says give the rest so much definitely by way of bounties on these four classes of steel. Now, Mr. Jamnadas takes it that there will be revenue forthcoming and he assumes that his Rs. 65 lakhs, which according to me is Rs. 56 lakhs, will be forthcoming. But I want to point out to my Honourable friend that supposing steel prices went down, then the bounty which you propose giving will not be adequate. Tatas produce 500,000 tons per year, and if there was a fall of Rs. 5 in price it comes to Rs. 25 lakhs straightaway. How will you give that to Tatas?

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): All the 500,000 tons do not need bounties. My Honourable friend must understand that.

Mr. M. A. Jinnah: But my Honourable friend must understand that it does require protection for 500,000 tons of steel.

Mr. E. K. Shanmukham Chetty: No.

Mr. M. A. Jinnah: Tatas require protection for 500,000 tons. (An Honourable Member: "They do not require it.") If the price of steel goes down, they will not get Rs. 120, the fair selling price which you are supposed to be securing, and therefore you will have to make that up, and I say, that alone will come to Rs. 25 lakhs. Then, I say if new firms come in you will have to distribute bounties to them. There is a further argument—and this is the most important argument and I want the Honourable Member to understand it—and it is this. We are now providing for bounties for 4 classes only. Out of those four classes, remember Tatas make only 125,000 tons now and their output will increase by 70,000. Mr. Jamnadas gave the figure, 200,000 tons. The rest of the things that Tatas make are rails, galvanised sheet and tin bars and so on. I ask you this question. If you are going to give bounties to these 4 classes, is it not open to Tatas to say "Why we should manufacture other articles, such as galvanised sheet, tin bars and so on. Why should we not make these 4 classes of articles only and get the bounty?" And instead of 70,000, which Mr. Jamnadas thinks will be the output for 5 years average, Tatas can put forward an output of 80,000 more, because they will get bounties. How will you give the bounties? Where will you get the money from? Tatas will then give up making galvanised sheets and tin bars. If Tatas give up galvanised sheets, why do you want to impose a protective duty on galvanised

sheets which come from the foreign country? For whose benefit? Then you will be forced to give up protective duties on galvanised sheets. What will happen to your revenue? One-fourth of your revenue is from galvanised sheets. Then where will your Rs. 56 lakhs go and how far? And will not the import decrease as the home product or output increases as it must? Will not that decrease the revenue? Sir, we find it is a chimerical scheme. My Honourable friend says that I am talking always in the air, or am at sea. Sir, he is either in the lap of prejudice or he has been misled by the middlemen.

The Honourable Sir Charles Innes: Sir, my Honourable friend, Mr. Jinnah, has dealt so faithfully with Mr Jamnadas Mehta, that it is not necessary for me to add very much.

Mr. Jamnadas Mehta's difficulty is this. We have already discussed this question of bounties *ad nauseam*. We discussed it on his motion that the Bill be recommitted to the Select Committee. That motion was lost and Mr. Jamnadas is too fair minded a man not to know that the only chance his bounty scheme had was to refer it back to Select Committee. I do not propose therefore to follow Mr. Jinnah in his general observations on the bounty scheme. That point has already been discussed and decided against Mr Jamnadas Mehta. I propose to take the wording of Mr. Jamnadas Mehta's amendment and to show what his scheme means. He mentions four articles on which specified bounties should be paid. Now obviously a scheme of that kind is open to the immediate objection, that as the Tata Iron and Steel Company makes more and more and more steel and gets a stronger and stronger company, under Mr. Jamnadas Mehta's scheme we give it more and more bounties. Mr. Jamnadas Mehta has, in his own amateur way, endeavoured to provide against that danger by putting in a proviso:

"Provided however that the total amount of bounties payable under this section shall not exceed the amount recovered from the protective duties in any year"

What does that proviso mean? Obviously the only meaning that you can place on it is that the total amount of bounties payable in any one year shall not exceed the amount of revenue you get from the duties in Part VII of the Second Schedule. "Protective duties" can only mean the duties in Part VII. That amount of revenue is something in the neighbourhood of two crores a year. Therefore the limit which Mr. Jamnadas Mehta has put as a safeguard in his proviso is no safeguard at all. Naturally we shall not have to pay bounties to the extent of two crores. But the point is that what is intended as a limit is no limit at all. As the Tata Iron and Steel Company produces more and more steel, we shall have to pay more and more bounties. That is absurd. What Mr. Jamnadas Mehta intended by the expression "protective duties" was the amount which we should recover from the duties in Part VII over and above what we would have recovered from ordinary revenue duties. But he has not said it.

Then, Sir, let us take the first sub-clause of his clause 4. I am going to take as my text Mr. Jamnadas Mehta's own statement. He said that it was entirely wrong to take one rupee more from the tax-payer than was necessary for the protection of the industry. Let us take the first point. I take it that Mr. Shanmukham Chetty is satisfied that his weighted average scheme gave sufficient protection to the industry. On structural sections Mr. Jamnadas Mehta wants a protective duty of Rs. 19 plus a bounty of Rs. 11; total Rs. 30. Mr Chetty proposed an average duty of Rs. 25 per ton, therefore, Rs. 5 per ton are taken out of the pockets of the tax-payer

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unnecessarily by Mr. Jamnadas. On bars Mr. Jamnadas wants a protective duty of Rs. 26 a ton, plus a bounty of Rs. 11; total Rs. 37. On the weighted average system the protective duty proposed is Rs. 85 a ton, thus making Rs. 2 taken unnecessarily out of the pockets of the tax-payer. On plates Mr. Jamnadas proposes a duty of Rs. 20 plus a bounty of Rs. 16, making a total of Rs. 36. Mr. Chetty proposes a duty of Rs. 26. Thus Rs. 10 are unnecessarily taken out of the pockets of the tax-payer.

Mr. Jamnadas M. Mehta: The Honourable Member is misrepresenting me.

Mr. President: Order, order. If the Honourable the Commerce Member thinks some reply is necessary, he will make way for the Honourable Member.

The Honourable Sir Charles Innes: That is not my only objection to the Honourable Member's scheme. The House will observe that he proposes to pay a bounty of Rs. 11 per ton on bars. He does not say what bars. I presume, he means that we should pay a bounty of Rs. 11 per ton on bars of iron or steel manufactured in India. Have I got the Honourable Member correctly? Let me point out that when the Honourable Member said that this scheme of his was going to cost 25 lakhs of rupees, he did not realise that he was working into the bounty scheme bar steel which is sold to the Tin-Plate Company for making tin-plate, and that if this amendment were passed we should have to pay a bounty of Rs. 11 per ton on fifty thousand tons of tin bars produced every year on which we propose no protective duty. Yet the Honourable Member says that he would not take one rupee more than was necessary for the protection of the industry from the pocket of the tax-payer. He has also failed to realise that bars are made by other people than the Tata Iron and Steel Company. The Kumerdubi Engineering Works are making bars of steel and iron from scrap steel or scrap wrought iron. Under Mr. Jamnadas Mehta's scheme we should have to pay a bounty on bars made in the Kumerdubi Engineering Works. I am sure that it is not the intention of this House that we should give any protection at all to this industry. Moreover I happen to know something of the Kumerdubi Engineering Works. I know exactly what those works cost when originally purchased, and the House may take it from me that it does not cost much money to put up works of this kind and to make from scrap steel and scrap wrought iron the steel bars that Mr. Jamnadas Mehta wants to pay a bounty of Rs. 11 a ton on. If this amendment were carried we should not know what our liabilities are. Mr. Jamnadas Mehta proposes a bounty of Rs. 24 on black sheets manufactured by the Steel Company. These black sheets may be sold as black sheets or may be galvanized and sold as galvanized sheet. But we should have to pay bounties on all the black sheets made whether subsequently galvanized or not. That means that we should have to pay a bounty of Rs. 24 per ton on another thirty thousand tons of sheet which would mean another seven lakhs, plus another 5½ lakhs on tin bar, and yet the Honourable Member says that he will not take a rupee more than is necessary for the protection of the industry out of the pocket of the tax-payer. Have I not shown sufficiently that this amendment is absolutely a ridiculous amendment, and that the Honourable Member when he proposed that amendment did not know what he was talking about?

My other objection—and I say this with all the authority at my command for it is I who have worked this steel protection for the last three years—

my other objection is that the scheme is unworkable, that it would be if not impossible, very difficult, very expensive and very inconvenient to attempt to work a scheme of that kind. Audit clerks now check every ingot made by the Tata Iron and Steel Company and see that a stamp is put upon it under this scheme. We would have to have a large staff of clerks in every mill and shop watching every bar, every black sheet, every plate, every structural section made. I hope that the House will realise its responsibility in the matter. The only proper amendment that Mr. Jamnadas Mehta could have made was that the Bill should be referred back to Select Committee.

With these words I oppose the motion.

Mr. M. K. Acharya (South Arcot *cum* Chingleput : Non-Muhammadian) : Sir, I cannot claim of course to speak either with the authority or the eloquence of the Honourable Sir Charles Innes, but neither authority by itself nor eloquence can always be taken as sound reasoning. There may be authority, there may be eloquence, but if reasons are wanting or are not satisfactory, we on this side of the House shall be excused if we do not give way to authority and eloquence. Sir, the whole difficulty that I as a humble member and others feel is this that Sir Charles Innes has not answered whether, under this scheme proposed by the Tariff Board and adumbrated in the Bill, very much more will not be taken from the consumer of iron all over the country than adequate protection to Tata's industry requires. That, Sir, is the thing that has troubled our minds all along. I am prepared to admit, so far as I have heard, as a common man, that I am satisfied neither with the Bill brought forward by Sir Charles Innes, in spite of his authority and eloquence, nor with the scheme of Mr. Chetty nor with the proposal of Mr. Jamnadas Mehta for that matter. It is unfortunate that many of us are not satisfied with any of the schemes before us, and, as Mr. Jinnah very rightly put it, the whole question is which is the least evil of the three schemes. Sir Charles Innes unfortunately has not enlightened us on this point. He has worked himself up, I fear more than we are accustomed to see him working himself up, to stigmatise Mr. Jamnadas Mehta's proposal as ridiculous. Sir, adjectives are not arguments after all, and I am very sorry Sir Charles Innes has not met this simple difficulty of ours whether under this scheme before the House, whether in the Government Bill very much more is not proposed to be taken from the ordinary consumer in Madras, in Bombay, in Burma, in Karachi, that is to say from the largest bulk of the consumers all over the country, than adequate protection to Tatas requires. It is unfortunate that that question, in spite of the many speeches that Sir Charles Innes has made on the subject in this House, has not been fairly and squarely answered. Sir Charles Innes now says it would be better to send Mr. Jamnadas Mehta's proposal back to a Select Committee. He did not support that motion when it was before the House the other day. Now it is too late to say that the scheme proposed by Mr. Jamnadas Mehta would require to be discussed in all its details in the Select Committee. It is only after defeating that motion that Sir Charles Innes comes and says it is a matter for the Select Committee. I do not know how much weight we should attach to arguments of that kind. I submit there are now only two schemes before us because I believe Mr. Chetty's weighted average scheme is now not before the House; and it was very amusing to me to hear Sir Charles Innes eloquently pointing out that Mr. Jamnadas Mehta's scheme would cast even more heavy burdens on the Government than Mr. Chetty's

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scheme. But Mr. Chetty's scheme has been rejected and the burden of the rejection lies upon Sir Charles Innes more than upon us. We were for the weighted average scheme, but he with his authority and with the weight of his numbers threw that out. Now it is no use going back and saying that better than Mr. Jamnadas Mehta's scheme would have been Mr. Chetty's scheme. Now, therefore, there are only two schemes, the scheme of the Government and the scheme of Mr. Jamnadas Mehta, and I again put this point prominently before the House. I beg of every Member to realise that the question simply is this. We are all agreed that adequate protection must be given to Tatas. Here let me point out again another flaw in Sir Charles Innes' argument to-day. He was wondering whether the Tata Company would not make very much more steel in the coming few years. The other day he was lecturing to us whether we should not accept the findings of fact of the Tariff Board. He lectured to us at great length on that matter, that an expert committee went into the whole question and after many months of careful inquiry, came to the conclusion that, subject to unforeseen circumstances, this would be the average amount of steel that Tatas would be able to make during the next few years, and he asked whether we should not accept that statement. But to-day he is the very person who questions whether more and more and more steel will not be manufactured by Tatas than has been calculated by the Tariff Board; and if a bounty is sought to be given, whether Mr. Jamnadas Mehta's scheme would not mean that the figures would swell up to a very large amount. We should simply proceed on the assumption that Sir Charles Innes made the other day that the averages and the forecasts made by the Tariff Board were on the whole acceptable and were the basis on which we were to calculate. Mr. Jamnadas Mehta is not here to say what is going to happen in a few years, and I believe Sir Charles Innes will not be here during the next three or five years to see whether his prophecy has been fulfilled or not. So it is no use going back and raising that old question. We must discuss this on the foundations of the Tariff Board's Report. Again the argument of Mr. Jinnah also was what would happen if more and more steel is produced? Tatas cannot in the next few years reasonably be expected to produce 10 lakhs of tons. They are now producing only three lakhs and a little more, and the Board says it is reasonable to suppose that they can be expected to produce a maximum of 5 lakhs in the coming few years. Anything beyond that, on the authority of the Tariff Board, is not likely to happen, and therefore it is a little odd that those who are against Mr. Jamnadas Mehta's scheme or any scheme other than the Government scheme should now come and ask us to take into consideration things which may happen which were not foreseen by the Tariff Board or by anybody under the sun. Now, therefore, Sir, the question again I repeat is this and I would beg that somebody will give us a straight and square answer. Does not the Bill, as proposed by Government, take away from the average consumer all over India, from the average consumer of steel in every part of India, far more than is absolutely necessary in the interests of Tatas? To that question I would really like to have an enlightening answer and not mere rhetoric. Much has been said by Sir Charles Innes and by Mr. Jinnah about the wicked middleman of Bombay, and it is said all the profits go to the middleman. I suppose there must always be a middleman. I myself am not much of a consumer of iron yearly, but I do not believe anybody who wants to build a house

or who wants some steel for any other purpose thinks of sending an order straight away to the United Kingdom or elsewhere. We have to provide for a middleman in these matters and the middleman is never I expect anywhere under the sun a philanthropist, certainly not in the United Kingdom, and the middleman being human is likely to desire as much profit as he can get. In places where there is keen competition he gets less profit and where there is less competition he gets more profit. Whether you make the price of Continental steel Rs. 100 or Rs. 120, before the consumer gets his iron or steel, there must be the middleman through whose hands it passes. The middleman will put on 2 per cent. or 10 per cent., or whatever it is, on the cost price before he passes it on to the consumer. The consumer does not and cannot afford to go in for British Standard steel, for the simple reason that the consumer and the maker of various kinds of articles in India do not require British or Standard superior steel for their requirements; they want the inferior steel of the Continent. Therefore, when they want inferior steel from the Continent, they have to get it through the middleman, and the middleman so long as he is a necessary factor in business has to make his own profit. There is no system that is perfect. Under the very imperfect system of Mr. Jinnadas or under any other system for that matter there is always going to be the middleman; and if the middleman happens to be only an Indian it will not very much matter, for what he takes in the way of profit he will spend in another way in India itself. Therefore, I do not grudge the middleman his profit. Not that I want it; but if the middleman does make a little more profit than is morally justified, well it cannot be helped. Are English business men here for philanthropic reasons? Are they not here for very tangible rupees and annas? Are the Honourable Sir Charles Innes or Sir Basil Blackett themselves here for the sake of philanthropy? I do not believe it, and the middleman being a much lesser man than either Sir Basil Blackett or Sir Charles Innes, wants perhaps a little more! I say therefore the whole question is that the Government scheme is unsatisfactory. That is evident and patent, and so long as Sir Charles Innes does not answer our objections squarely I take it that he has no answer to give; or that he admits that under the Government scheme the consumer of Continental steel will have to pay very much more than is necessary. (*An Honourable Member*: "It is denied.") Sir, denial is no argument. (*An Honourable Member*: "Nor is assertion!") These are facts and mere denial is no argument. Neither Mr. Jinnah's figures nor Sir Charles Innes's superior authority and eloquence count for argument when it is a question of facts. We are going to have middlemen in the case of Continental steel; Continental steel has to come through the middleman, unless Government undertake to import and sell Continental steel without giving any profit to the middleman. They may make it another branch of the Railway Board and so on. Any such schemes however are not before the House to-day, and there is no use therefore in considering what might happen under some other state of things. What I ask is this. Is it right to vote blindly for the Government Bill? I put this question very seriously to all Members of the House, particularly to those who voted with the Government the other day. Since all these schemes are unsatisfactory I have no objection to the whole thing being withdrawn if Government undertake to bring in another Bill in the course of this Session which is more satisfactory and takes into account everything we have discussed in this

[Mr. M. K. Acharya.]

House during the last few days. I for one should welcome it most heartily and I am sure the majority would welcome it because all of us feel that the Bill before us is unsatisfactory. However, to come back to the argument. (*Cries of "Divide, divide"*.) The question is which is the lesser of the two evils. The Government scheme will inflict a great hardship on the consumer. (*An Honourable Member: "The middleman"*.) With or without the middleman. The Government scheme says all articles imported from the United Kingdom shall pay so much, and all articles imported from elsewhere shall pay that much *plus* an additional duty. I want to know whether that scheme is the best scheme in the interests of the consumer, or whether it would not be better to have a scheme which says since we cannot avoid it we shall take in the shape of protective duties a certain sum and out of that sum give to Tata's whatever absolute protection they want. If two years hence the protection is found insufficient there is the Tariff Board. Tata's can put in another application and the Tariff Board will have plenty of work for another 8 months. In that time Tatas are not likely to disappear. Then they may come before the House and in the light of circumstances obtaining two or three years hence they will be able to give a wiser judgment than we are asked to give to-day. These arguments based on unseen contingencies that might arise in the course of the next seven years—I do not know how we can possibly solve them now. Here are the facts placed before us by the Tariff Board; here are the averages worked out by the Tariff Board. On those averages, supposing their facts are correct, supposing their estimates are correct, we come to the conclusion that Tatas are likely to produce 5 lakhs of tons on an average during the next 3 years. We come to the conclusion that they want so much protective duty either in the shape of higher duties or in the shape of bounties. Having come to that conclusion the only other thing is how best to give protection to Tatas and how to get money equivalent to the protection that Tatas need. We have been giving bounties to Tatas for the last two years. All the facts that the Honourable Sir Charles Innes or Mr. Jinnah have brought forward cannot get round that fact. Have the heavens tumbled down because we have been giving these bounties to Tatas? It is a system that you have already worked. Why not continue it for another two or three years? I do not suppose there will be anything unforeseen happening during the next few years; and if it does, it will be for this Assembly to return to the question; but till then I say "Let us continue the system which has the very weighty authority of the Tariff Board and which Sir Charles Innes inaugurated in this House two years ago." What is it that has happened now that did not exist two years ago, except—and this is a very important point—that the import of British steel has been going down lower and lower during the last few years and the import of Continental steel has been going up higher and higher? I am not in the secret of things; but it is quite possible that the Government have been unconsciously influenced in this Bill to give an impetus to the importers and manufacturers of British steel. However, that is a question I need not labour here. The only thing that has happened is that imports of Continental steel into India have increased very greatly and British imports have gone down very considerably. At the same time Tatas have been going on; they have been progressing, and, God willing, they may still go on progressing. There have been bounties and

what under the sun is there to make the scheme so ridiculous? Sir Charles Innes will have us believe that the figures of Mr. Jinnadas Mehta are not correct. Well it is quite open to the Government to give us more correct figures. Neither Mr. Mehta nor I have the advantage of the huge department that Sir Charles Innes has under him; as it is from the information placed at our disposal, from the facts and findings of the Tariff Board, we poor laymen must come to certain conclusions. We stick to certain principles. We are not particular whether the bounty is Rs. 9-8-0 or Rs. 9-4-0 per ton or any other sum; but the general scheme which we want to press upon the attention of the House is that the bounties might be continued to Tatas to the extent to which Government and the Tariff Board may consider absolutely necessary,—to that extent and no further. To that extent higher duties may be levied on all articles that come from Great Britain or the United Kingdom or from the Continent or elsewhere. It seems to me therefore from the ordinary common-sense point of view that this is the least objectionable of the many schemes before us. There are flaws in every scheme. The weighted average scheme has been thrown out; and with all respect to Mr. Jinnah, I do not propose to follow him in his tirades against the middleman. I am sorry he is so uncharitable to the middleman.

Mr. M. A. Jinnah: I am not uncharitable at all; on the contrary I admire him.

Mr. M. K. Acharya: Thank you very much on behalf of the middleman.

Sir Darcy Lindsay: May I appeal to the Honourable Member to bring his remarks to a conclusion?

Mr. President: Order, order. The Chair will see to it. The Honourable Member need not interfere.

Mr. M. K. Acharya: I am glad of the protection you have extended to me, Sir. I do not propose to abuse it by any means. I want, Sir, the gentlemen who will speak after me to make this point clear. I want it made clear because it is troubling my own mind.

Mr. President: That argument has been repeated by the Honourable Member half a dozen times.

Mr. M. K. Acharya: And yet, Sir, other Honourable Members are opposing it which shows that they have not understood me. However, to turn now to the details of the position, according to Mr. Mehta there will be about 65 lakhs realised, and according to Mr. Jinnah 56 lakhs. That is what I heard. Therefore, if the protection to Tata's is to be 25 lakhs, there will be a margin according to Mr. Mehta of 40 lakhs and according to Mr. Jinnah of 9 lakhs less. My point is that any future companies coming in are not likely to be as huge as Tata's during the next three or four years. If other big companies do come in we will welcome them, but there is 31 lakhs according to Mr. Jinnah or 40 lakhs according to Mr. Mehta out of which bounties may be given to those companies also, provided they are properly examined by the Tariff Board and their cases are recommended satisfactorily by the Tariff Board. Therefore, the argument that other companies may come in, on which the Honourable Sir Charles Innes and my Honourable friend Mr. Jinnah laid so much

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stress, is not such as to lead us to throw out Mr. Jamnadas Mehta's amendment for the simple reason that a fair margin does exist for providing for other companies that may come into existence.

These then are the facts. Firstly, that the Government Bill proposes to take from the consumer very very much more than is required for protecting the Tatas and those large excesses could be utilised by the Government for their own sweet purposes as part of the general revenues. Secondly, that in the shape the Bill before the House now is, it does give a certain preference to iron goods coming from the United Kingdom over and above the goods that might come from elsewhere; and in the circumstances of the case the protection that is needed for Tatas does not require the imposition of these large heavy import duties over and above what may be found absolutely necessary to protect them. For all these reasons, Sir, I do press that some *via media* might be found, if possible, whereby this House will be enabled to come to some conclusion upon the question of giving protection to Tatas which will obviate the difficulties which lie in the way of our accepting any of the various amendments before the House. So far as I am concerned, Mr. Jamnadas' amendment, bad as it may seem, full of flaws as it may seem, is less bad and less full of flaws than the scheme which has been laid before us by the Government, and for that reason, choosing the lesser of the two evils, I commend the amendment of Mr. Mehta to the acceptance of the House.

(Several Honourable Members moved that the question be put)

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhanadan Rural): Sir, at this stage, when the Bill is evidently in its last stage, I feel that I ought to emphasise some facts which require to be borne in mind in dealing with any Bill proposing protection to any industry in this country. What has been laid down is that the Government and the Legislature should agree regarding the protection to be given to any industry, and that the Secretary of State will not then stand in the way of it; and I wish to point out that that is a very important fact in the consideration of such Bills. The Government and the Legislature have to agree, and I ask that it should be remembered that that imposes an obligation to agree both upon the Government and this Legislature. It does not mean that we should try by a snatch vote, either on this side or the other side, to carry a Bill or to impose an enactment upon the country. It means that we ought to respect the spirit of the convention and try to come to an understanding—both the Government and the Legislature; and I submit, Sir, that the Government owes it to itself and to the House to see that its proposals are such that they command the confidence and support of the bulk of the House, if not of the entire Assembly. Now, I ask Government to consider whether that is the situation. I do not doubt that the Tariff Board laboured earnestly and honestly at the question. I do not deny that they have given us the best of their recommendations. I do not doubt that the Government have come to the conclusion that they should accept these proposals with the best and honestest of motives. I do not for a moment think that the Honourable Sir Charles Innes or those other Members who have voted with him or agreed with him are prompted by any desire other than the desire to act rightly by the people of India. But I ask them to consider the fact that in this House there is a very large body of opinion which is opposed to the provisions of the Bill and they

have stated the reasons for that opposition. It is not a wilful opposition; it is not a wanton opposition; nobody can say that the Bill is so good a measure that anybody who stands up to propose any different provision from what is embodied in it should be snubbed or rebuked as not knowing what he is talking about or that he should be put to "shame" for giving expression to his opinions and arguments, as unfortunately one or two Members have been. It is a Bill, Sir, on which the widest difference of opinion prevails, and the House had a right to expect that all these differences of opinion should be heard and considered with sympathy, with respect, with consideration. There are two features of the Bill which stand out to which many Members of this House find it difficult to give their support. I may say at once that there is no one here who does not wish to support the Tata steel industry, so far as this side at least is concerned. We all want to give protection to the Tatas because we regard it as a national industry. But we do think that even in our desire to give help to the Tatas we should not impose a heavier burden upon the consumer in the country than is actually necessary. We want to point out to the Government, we are entitled to point out to the Government, that this Bill is open to two objections: one, that it introduces a larger measure of protection than the Tatas need, and secondly, that it imposes a larger burden upon the consumer than the situation demands. It has not been said—nobody has said it, not even the Honourable Sir Charles Innes with all his ability and command of the whole subject has said—that the men who will be hurt by the proposed measure in Karachi, in Bombay, in Rangoon and other places, need necessarily be hurt in order that Tatas should be helped. I have not yet heard why the area of protection should be so much extended. And there is no doubt that the measure will realise a great deal more from the tax-payer than it seems necessary to. If the proposals of the Government are open in these two respects to objection, namely, that a much larger amount of tax will be realised from the people under the Bill than is necessary to ensure protection to the Tata steel and that in places where the Tata steel does not compete, in places far beyond the circle of Tata's operations, there is no justification for putting on the consumer of Continental steel the burden which it is proposed to place on him, that the Tata's steel will not and cannot in the nature of things be protected beyond a certain limit by the proposed measure of protection, because the Tatas produce annually less than 400,000 tons of steel at present, while the total consumption in the country is 12 to 13 lakhs of tons—in view of those facts, I submit that the Government should recognise that the opposition to the Bill is based on some consideration, some regard for the interests of the public. While that is so, we are at the same time face to face with the difficulty that the amendments which have been proposed are also open to objection. It is quite easy for any Member of Government to point out flaws in the amendments that have been proposed. It is a very difficult task for any Member on this side of the House to put forward definite proposals for taxation. We have not the command of the resources which the Government have; they have got their whole Secretariat, the whole body of their expert advisers at their command; they know the ins and outs of the trade and they can calculate to the last figure what exactly is needed and where it is needed. We expect it of them therefore not merely to point out what the flaws are, but also to point out how the flaws might be remedied. It is not enough for the Honourable Commerce Member to run down and rebuke Mr. Jamnadas Mehta because his figures are not correct. (Mr. Jamnadas M. Mehta: "They are correct.") Mr. Jamnadas Mehta claims

[Pandit Madan Mohan Malaviya.]

they are correct. But assuming they are not correct—after all he is human, we are all human, including the Honourable Member for Commerce and Industry—and it is human to err—if there are mistakes in Mr. Jamnadas' figures we expect that those mistakes should be pointed out and corrections made in them, and the proposals discussed on such a basis that the whole House might agree. I submit, Sir, that this has not been done. Mr. Jamnadas has shown that according to his calculation, if the uniform duty proposed by the Government were levied on all kinds of steel which comes into this country, Rs. 65 lakhs will be realised; Mr. Jinnah says it will be Rs. 56 lakhs. It should be easy to settle which of these is the correct figure. Mr. Jamnadas says that under his proposal Rs. 25 lakhs will have to be paid as bounty to the Tatas. You have got their figures of production calculated for seven years; you are dealing with a seven years' programme; you cannot be taken by surprise over these figures; you cannot suddenly be told that the production has increased by a lakh of tons and therefore you must find more money to pay bounties. Having got a period of seven years before you to calculate and deal with, you know and you can calculate to the pic what will be the requirements of the situation within these seven years. The question before the House, therefore, is not whether Mr. Jamnadas' scheme is not open to objection. I assume, on the assurance of the Honourable Sir Charles Innes, that it is open to objection on many points. But I say, Sir, that it is not enough to say that it is open to objections. He has got all the figures. If he wants to help the country he can. If he wants to come to an agreement with the House on the basis of which alone such a Bill should be passed by this House, he can put forward alternative proposals to minimise the evils which he has detected in the system proposed by Mr. Jamnadas Mehta, and I say, Sir, that this House does expect Government to come to its aid to that extent. Mr. Jinnah, I am sorry to say,—I have worked with him for many years,—has indulged in special pleading on this occasion which has disappointed me. We have heard very able speeches from Mr. Jinnah, but his pleading on this occasion has left me unconvinced in spite of all my desire to understand what he has urged and to try to agree with him and with other Members who think like him. But I submit, Sir, it is no argument to say that bounties are condemned. Sir, bounties have built up the huge industries of the United States of America, Canada, Australia and other countries. (*An Honourable Member*: "and Japan".) Yes, in Japan too they have been paid freely. Bounties have been adopted by this Government itself during the last three years, and I cannot understand why bounties are condemned to the extent that they are being condemned to-day. Bounties have to be resorted to if you are to follow a reasonable policy whereby industries will be helped to develop and grow. Here is a very clear case. You want to protect one important industry in this country. There are two proposals before the House. One is to tax all imports of steel into this country and to extend the burden beyond the circle of Tata operations to all consumers of steel at Karachi, Rangoon, Bombay and other parts of the country; the other proposal is to raise a certain amount by increasing the duty on imports of steel, and to pay bounties to our own steel to a certain extent, and be done with them. It has been asked what will happen if new firms come into existence. First it was urged that under the bounty system the Tatas will find it to their advantage to make one kind of steel rather than another and begin to manufacture more of that steel. Is it likely to be so?

The Honourable Sir Basil Blackett: Yes, it is so.

Pandit Madan Mohan Malaviya: I am sorry to think that even the Honourable the Finance Member should support that view. Is it not within the power of the Government of India to say to the Tatas for whom we are taxing the country, that if you will act unfairly towards us, you will perish? Is it conceivable that the Tatas, knowing what the Assembly is doing for them, will play the Assembly and the country false? I say they will not. I undertake to say they will not, for if they will do so, they know that they will never again receive support from the representatives of the people in this Assembly. I do not think it is fair to charge them with any desire to do so. Even in ordinary life if you do a kind act to a fellowman, he remembers it and he feels grateful to you. Here not merely gratitude but self-interest itself will compel the Tatas to be honest with the Assembly and the country. I therefore dismiss that apprehension, Sir, with no more consideration than it deserves. I say that Tatas are certain to keep to the conditions that are essential for them to continue to get the support of the Legislature and the country at large. The second point is that other firms may come into existence and the production of the Tatas might increase. Yes, it may increase; but you have calculated a seven years' programme. As has been pointed out, if you pay 25 lakhs in bounties now, you still will have, according to Mr. Jinnah's calculation, 81 lakhs extra, and according to Mr. Jamnadas Mehta's calculation, 40 lakhs extra, out of which to pay further bounties, if it should become necessary to do so. And if the Tatas develop beyond present expectation, or new firms of great magnitude come into existence and begin to flood the country with steel of the kind you require, this Assembly will be able to deal with the situation, the Assembly and the Government of India will still exist, and they will deal with the situation when it arises. Sufficient unto the day is the evil thereof. You have to contend against the present evil of competition from outside. And is it impossible that the Government and the Assembly acting together should not be able to devise means whereby greater protection might be given to a national industry without inflicting an unjustifiably great burden upon the people? I do not know, Sir, why there should be so much opposition, determined opposition, to every scheme, except the one embodied in the Bill. I submit that the Government should recognise the difficulty of those Members of the House who do not see their way to accept the Government measure,—not because we want to hurt our English fellowmen. I should be ashamed if I thought of injuring any English fellowman or any other fellowman. It is not our desire that our English fellowmen should be injured. I wish them prosperity. But the question before me is, whether in wishing them prosperity, I wish them natural, honest, honourable prosperity or I should sacrifice the interest and happiness of my own people in order to make a contribution to the prosperity of my fellowmen outside India. I do not wish to do that. I wish that the consumer should be made to bear only that much of burden which is necessary to protect the steel industry in which we are all interested.

What is wanted now, Sir, in such a situation is a little more patience and a little more earnest endeavour to understand each other on both sides of the House. A measure of this importance which for seven years imposes a heavy burden upon the consumer of steel is under the consideration of this Assembly. There are defects in the scheme that have been put forward: some Members find it difficult to accept Mr. Jamnadas

[Pandit Madan Mohan Malaviya.]

Mehta's proposal, while other Members find it difficult to accept the Government proposals. Why should there not be an agreement on both sides to sit down together again and consider what should be done? Has the final day come? Is there no possibility of any further consideration? I see one Honourable Member nods his head. It means he tells me that the final day has come. I do not agree in that view, Sir. We are a Legislature, a Legislature which owes it to the people of this country to sit on from day to day, night and day, for weeks and weeks, if necessary, until it comes to a conclusion which will protect all the legitimate interests of the people and make for their happiness. Why should there be such hurry to rush this Bill through before a particular date? There can be provision made for continuing the present Act; other means can be found by which the situation can be saved. The Government can, if they want to do so, help us to pass the measure within the time they want by pointing out what the flaws in the proposals of Mr. Jamnadas Mehta are and how they should be amended. If they do not, they should at least agree to sit together with us so that we might discuss the matter and we might ourselves, after hearing them, suggest how we can meet their objections. But I submit, Sir, the way in which the Bill is being dealt with is full of pain to me. I do not think that a proposal which affects the people of this country, the poor people of this country, should be passed in the manner in which it is being passed. I have heard complaints. I have received telegrams and letters from various dealers of steel, men who are carrying on the steel trade and men who use steel. They complain that if the Bill is passed, the humble trader and consumer will be very seriously injured. A few days ago a meeting was held in Delhi at which many of these men gave expression to their fears and voiced their complaints. We have received similar complaints from various other parts of the country. I ask the Government to consider whether all these complaints of the poor, small trader and industrialist are not worthy of consideration. What is going to be done to protect these people? And why should this measure be passed when there is so much opposition to it in this House? These are the points, Sir, which I want the Government to consider. If Government can tell us—no one else on this side can do it—if Government can make up their mind to tell us what exactly is the difficulty they find in adopting Mr. Jamnadas Mehta's proposal and with what modification they are prepared to accept it, then they can ask you, Sir, to adjourn the further discussion of this measure, and I am sure you will accept their proposal. If this is not done, and if the Government will drive us to vote on the proposals as they stand, many on this side will feel constrained to cast their vote against the Government Bill because of the objections they have to it. We do not like to do so; we should like to avoid it. But if that is practically the only course left open to us, we shall be compelled to adopt it in the discharge of our duty to the country. On the other hand, if the Government would take up the matter in a more sympathetic spirit and remember that the two sides of the House must agree in order that protection should be given in a legitimate and reasonable manner to any industry in this country, they would show greater regard for the opinion of this section of the House, Sir. That is all I have to say.

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): Sir, as the original protagonist in this House of dealing with

this question by a system of bounties, several of my friends on this side of the House have suggested to me that I should address you on the subject. I shall be very brief on the point, Sir, it is simply this. I was, in the first instance, in favour of treating the whole question of protection to the steel industry by the system of bounties and I am so to-day (Hear, hear), but, when I suggested the treatment of the case by a system of bounties, I did not suggest that those bounties should be raised out of a high protective tariff. My scheme was that those bounties were to be found from the revenues of the general tax-payer in order that we should see at all times, in voting the amount which was involved, exactly what the protection was costing the country and have it constantly in our minds. Mr. Jammadas Mehta's scheme, however, is one that I cannot agree with. Mr. Jammadas Mehta in his very first minute of dissent, on the very first Steel Bill, took exactly the same view on some points as he takes to-day. He said that the tariff wall that was then proposed in the Bill was in his opinion inadequate, both as regards rates and duration. He has been proved wrong as regards rates, because the Bill before the House to-day finds it possible considerably to reduce the tariff rates. He then brought forward several points such as—that "it was not desirable that the private manufacturer should get rich and prosperous at the cost of the public",—he wanted a scheme of nationalisation or profit-sharing or State purchase, and so on. But we find to-day that by a series of mental gymnastics he has come round to my point of view, that the case should be treated by bounties. But his own system is one which would not work. Sir Charles Innes has dealt with it in detail and I will not weary the House by repeating it.

Sir, when you consider Mr. Shanmukham Chetty's scheme, he speaks as Member for Coimbatore. I also, Sir, am a Member for Coimbatore. I have a Chamber of Commerce there and I have constituents in Coimbatore as has Mr. Shanmukham Chetty. My constituents are situated throughout the whole of India and it is speaking for these consumers of steel throughout the whole of India that I say that of all the schemes that have been put before the House in this Debate the one which now holds the field, namely, the Government Bill, to which I subscribed in Select Committee, is in my opinion the best of the whole lot. (*An Honourable Member* "Question?") Sir, in a nutshell, stripped of all the words we have heard, it is merely this. Supposing you trade in apples and pears instead of steel. What is the good of giving you too much protection for your apples and insufficient protection for your pears? In this Bill you have the minimum of protective duty, namely, Rs 19, so that Mr. Chetty's constituents at Coimbatore and my constituents at Coimbatore will only have to pay Rs. 19 duty for their steel if it is of standard quality. If it is non-standard quality, they will have to pay Rs 30 duty. (*An Honourable Member*: "Why?") Because that is the difference between the two grades, as stated. Therefore, that is the only point at issue. And I submit that of all the schemes before the House, the Government Bill is the best of the whole lot and it has my support.

Honourable Members: I move, Sir, that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. President: The question is :

" That for sub-clause (1) of clause 2 of the Bill the following be substituted :

(1) For sub-section (4) of section 3 of the Indian Tariff Act, 1894, the following sub-section shall be substituted, namely :

' (4) If the Governor General in Council is satisfied, after such inquiry as he thinks necessary that articles chargeable with duty under Part VII of the Second Schedule are being imported into British India at such a price as is likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase such duty to such extent as he thinks necessary.' "

The Assembly divided :

AYES—56.

Abdul Latif Saheb Farookhi, Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Seshu.
Badi-uz-Zaman, Maulvi.
Belvi, Mr. D. V.
Bhargava, Pandit Bhakur Das.
Birla, Mr. Ghanshyam Das.
Chaman Lal, Mr.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit Nilakantha
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai N.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. B.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmed.
Kunsru, Pandit Hirday Nath.

Lahiri Chaudhury, Mr. Dharendra
Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Murtaza Saheb Bahadur, Manzil
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Ramaswamy Singh, Kumar.
Rang Behari Lal, Lala.
Ranga Iyer, Mr. C. S.
Roy, Mr. Bhabendra Chandra.
Roy, Rai Bahadur Tarit Bhuvan.
Sarda, Rai Sahib M. Harbilas.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Siddheswar.
Tirloki Nath, Lala.
Yusuf Hussain, Mr.

NOES—65.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Haye, Mr.
 Abdul Matin Chaudhury, Maulvi.
 Abdul Qayyum, Nawab Sir Suhbizada
 Abdullah Haji Kasim, Khan Bahadur
 Haji
 Ahmed, Mr. K.
 Akram Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayyangar, Mr. V. K. A. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhoze, Mr. J. W.
 Bhuto, Mr. W. W. Illahibakhsh
 Blackett, The Honourable Sir Basil.
 Clow, Mr. A. G.
 Coatsman, Mr. J.
 Cocke, Mr. H. G.
 Crawford, Colonel J. D.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 E'jaz Rasul Khan, Raja Muhammad.
 Gavin-Jones, Mr. T.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Havman, Mr. A. M.
 Hezlett, Mr. J.
 Howell, Mr. E. B.
 Hussain Shah, Sayyed

Hyder, Dr. L. K.
 Innes, The Honourable Sir Charles.
 Ismail Khan, Mr.
 Junnah, Mr. M. A.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Rev. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Moore, Mr. Arthur.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Nawaz Khan, Lieut.-
 Sardar.
 Nasir ud-din Ahmad, Khan Bahadur.
 Natiq, Maulana A. H.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rajah, Rao Bahadur M. C.
 Roy, Mr. K. C.
 Ruthnaswamy, Mr. M.
 Sassoon, Sir Victor.
 Singh, Rai Bahadur S. N.
 Suhrawardy, Dr. A.
 Sykes, Mr. E. F.
 Torkinson, Mr. H.
 Wilson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.
 Zulfikar Ali Khan, Nawab Sir.

The motion was negatived.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-Five Minutes to Three of the Clock, Mr President in the Chair

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadan Rural): Sir, I beg to move.

The Honourable Sir Charles Innes: I rise to a point of order as to whether two clear days' notice was given in regard to this amendment.

Mr. President: Has the Honourable Member given two days' clear notice?

Mr. Mukhtar Singh: Yes, Sir.

Mr. L. Graham: Notice was received in the office at 1-30 P.M. on Saturday.

Mr. President: The Honourable Member must resume his seat when another Member rises.

The office received notice of the Honourable Member's amendment at 1-30, and therefore it could not be in time.

Mr. Mukhtar Singh: Notice of the Resolution, Sir, that I want to move was given and that has already been printed.

Mr. President: The fact that the amendment has been printed does not entitle the Honourable Member to move it if it is found that proper notice was not given.

Mr. Jamnadas M. Mehta: This is dated the 12th February, and it cannot be on Saturday last.

Mr. President: The Honourable Member is referring to amendment No. 8 on the list.

The Honourable Sir Charles Innes: There is no objection to No. 8, Sir.

Mr. President: I take it that the Honourable Member drops all amendments of which he gave notice only the day before yesterday. He is entitled to move amendment No. 8.

***Mr. Mukhtar Singh:** Sir, I beg to move:

"That in sub-clause (1) of clause 2 of the Bill after the proviso to the proposed sub-section (7) the following further proviso be inserted:

'Provided further that small articles such as bolts, nuts, toys, utensils, cutlery, etc., manufactured by *bona fide* Indian manufacturers out of steel of non-Indian origin purchased in the market will be given a rebate of the duty charged under the Act.'"

Sir, I have the good fortune of moving this Resolution at this very opportune time when all are agreed not only to take measures for the protection of the steel industry in India but also when we are trying to protect the British steel industry as well. Sir, by passing this Bill as it is, the result will be that a good many industries of the country will come to grief. In order to illustrate my point, Sir, I take first the bolts and nuts industry. The importance of this industry will be quite clear from the fact that in 1925 we imported bolts and nuts worth Rs. 27,58,530. That shows that the country is importing a very large quantity of bolts and nuts. It is practically in every city that bolts and nuts are manufactured. There is a firm, Messrs. Kirloskar Bros., Limited. They have purchased a plant worth Rs. 1½ lakhs.

The Honourable Sir Charles Innes: It might shorten the Honourable Member's arguments if I am permitted to point out that the application for protection for bolts and nuts is now being considered by the Tariff Board. "

(Several Honourable Members: "Withdraw, withdraw.")

*Speech not corrected by the Honourable Member.

real difficulty is in regard to the words "Municipal and Local Boards" in the amendment. The question is whether this Legislature is entitled to legislate on provincial subjects without the sanction of the Governor General.

The Honourable Sir Charles Innes: On a provincial transferred subject.

Mr. B. Das: In the Government of India there are no transferred subjects, and although the transferred subjects are under the Provincial Governments, the Government engineers rule the whole show that has been transferred to the Municipal and District Boards, and for that reason I have brought it into my amendment.

Mr. President: The question the Honourable Member has to answer is whether this Legislature is entitled to make or take into consideration any law regulating a provincial subject without the sanction of the Governor General.

Mr. B. Das: I beg to submit that this Legislature being the Central Government are quite competent to advise Provincial Governments and the transferred departments of Provincial Governments.

Mr. President: Will the Honourable Member read section 67?

Mr. B. Das: I am sorry, Sir, I have not got a copy of the Act.

Mr. President: I must rule the amendment as it stands out of order under section 67 of the Government of India Act. But I do not wish to be harsh with the Honourable Member. If he is prepared to drop the words "Municipal and Local Boards", I will allow the remaining part to stand.

Mr. B. Das: I thank you, Sir, and bow to your ruling, and consent to drop the words "Municipal and Local Boards". I hope, however, that the provincial Legislature will take a note of the observations we make here.

I beg to move the amendment that stands in my name, namely:

"That after sub clause (7) of clause 2 of the Bill the following new sub clause be inserted

- '(2) The Governor General in Council may, by notification in the Gazette of India and in the local official Gazettes, declare that the purchase of steel of Indian origin shall be given preference to by all the Government Departments, Railway Board, State aided Railways, the Military Department and the Indian Stores Department in India.'"

Sir, in our discussion of this Bill we have often quoted the recommendations of the Tariff Board, 1926, as the gospel to be followed. I find, however, that the Bill is drafted so that it only gives effect to half of those recommendations, that is, reducing and levying a certain amount of tariff rates on steel to give protection to the steel industry. But it does not give effect to the other half of the recommendations of the Tariff Board, which are described in paragraph 166 on page 97:

"Our proposals may be considered not as separate recommendations as to the duty appropriate for each class of steel, but as a considered and connected scheme for the grant of protection to the Steel industry as a whole."

[Mr. B. Das.]

That scheme is referred to on page 74, paragraph 184:

"The success of the policy of protection will largely depend upon the co-operation which the Government receives from railways, the largest purchasers of steel in India, and it is of the utmost importance that they should offer every possible encouragement to the use of Indian material. As we have emphasized in a previous Chapter, it is essential that the railways should arrange to purchase the whole of their requirements of rails in India so far as they can be produced in the country. The disposal of structural sections at present is of less importance, since the Steel Company has no difficulty in selling the whole of its output."

Further on it says:

"The expansion of the industry will be largely affected by its ability to dispose of an increasing output of structural material and within a few years this question will constitute a serious problem. It is therefore important that the railways should now undertake the revision of their designs for bridges, buildings and other works so as to facilitate the use of a larger proportion of Indian structural sections in the future."

Sir, I may here just refer to another quotation from the first Report of the Tariff Board in 1924, where they say:

"The object of protection is to secure the Indian market for the Indian producer, and the Government purchases of iron and steel constitute a large part of the effective demand."

Sir, in 1924, in the debates, some of us tried to impress on the Government that the Government should give us an undertaking that the Government departments would purchase, as far as they could and as far as are available, all their requirements of iron and steel in India. But no such undertaking was given, and as far as I recollect, the Honourable the Commerce Member said they could not give a guarantee to carry out every part of the recommendations of the Tariff Board. But we are luckier this year and the Honourable the Commerce Member has told us that *the Tariff Board's recommendations should be given effect to as a whole* and the Tariff Board themselves have said that their recommendations should be given effect to as a whole. One part of their recommendations is that a duty should be put on steel so that the steel industry should receive adequate protection, but the producer of steel must find purchasers. In India it is the Government Departments that purchase the largest amount of steel and iron, and we know the Indian Stores Department is controlled by the Honourable Sir Bhupendra Nath Mitra and the Railway Department is controlled by the Honourable the Commerce Member. We know the Indian Stores Department has made some rules, by which the subordinate Departments are asked, if they can, to buy articles of Indian manufacture, but they do not put their whole heart into it and do not buy articles of Indian origin. If Honourable Members who were in the last Assembly recollect aright, we once discussed with the Honourable Member for Railways the question that the Stores Departments of the Railways should make some effort to buy certain articles of Indian produce. The Honourable Member for Commerce quoted certain rules by which the Railways were asked that they *may* purchase preferentially goods of Indian origin. There was no command from the Government to buy goods and iron and steel of Indian origin. Sir, those kinds of pious expressions found in the Tariff Board's recommendation in 1924 or expressed by the Honourable Government Members on the floor of this House will not give us any assurance that Government are going to fulfil that part of the obligation, and this Bill will not give effect to the recommendation of the

Tariff Board in all its aspects if Government do not incorporate in the Statute the other half of the recommendation which is that Government departments must make their purchases of steel of Indian origin. I do not want to go into the details of the rail purchases now; I will do that subsequently in another amendment. But there also the Tariff Board have recommended that the railways should buy all their rails from the Indian steel firm to give full protection to that industry. We have too new schemes for 6,000 miles of railways, which were mentioned in the speech by His Excellency the Viceroy in Simla last year. We are soon to have 6,000 additional miles of railways. Immense quantities of rails will be purchased for them and structural steel for station yards, buildings and bridges will be required, and unless the Government fulfil that part of the obligation, simply fixing the tariff duty and expressing a pious wish to give protection to the steel industry in India will be of no avail. Tata's manufacture standard steel and why should it not be purchased by the Stores Department and the Government departments? I hope the Military Department also will take a lesson from them and in their strategic railway lines or in building structures they will use as far as possible iron and steel of Indian origin. Of course the military contracts we cannot discuss on the floor of this House, but we hope His Excellency the Commander-in-Chief and the Military Department will see that their Department gives preference to steel of Indian manufacture. I do not suggest that, by introducing this clause into the Bill, we are giving a premium to the Tata steel industry. The price of steel is regulated and is well known to the Government, because the Customs Department of the Government knows the prices from the invoices of the importers and the Tata price can be regulated and even if the price of Tata iron is a few per cent. higher, in order to give protection to steel of Indian manufacture the State being the largest purchaser, ought to confine their purchases first to the Indian steel and only later take steel from outside. It may be said the public can buy Tata steel, but the public are very small users of steel and they ordinarily use fabricated sections, bars, rods, &c., for their buildings, but usually Continental steel being cheaper they give preference to that. I may mention that the public purchases are very small compared with those of the Government. Another thing is that in India the structural engineering industry is not getting orders from the Government and the Railways and the military Departments. I do not agree with the Tariff Board when they say Indian engineering firms cannot fabricate more than 15 or 20 thousand tons; they can manufacture even 100,000 tons of structural and fabricated steel if they get the orders. In another amendment of mine I will go into this in detail later on. There are various engineering firms all over India who will be glad to manufacture structural steel provided they are given the chance. They do not get the chance. Firms like Burns, Jessops, Richardson and Crudas and many lesser engineering firms to-day find no work from the Railways and are starving for orders. Yet orders go outside to British firms and Indian engineering firms suffer and Indian workmen find no employment.

If we had suspicion of this Government to-day, I am not talking of that suspicion on the floor of this House. I believe in your *bona fides*. Give us a guarantee of your honesty of purpose and give us statutory guarantee. Why do you not incorporate it in the Statute? Sir Charles Innes will not be here after two months and thereafter I do

[Mr. B. Das.]

not know who will be the Honourable Member who will sit there as Commerce Member. He may say "I have forgotten; I did not give an undertaking of that kind." I will just illustrate my observations by citing an incident how Government memory after all is very short. The other day I asked my Honourable friend Mr. Parsons why no local advisory committee for the Bengal Nagpur Railway had been set up at Nagpur as was assured us by Mr. Sim on the floor of the House and he said he did not know what Mr. Sim told us on the floor of the House two years ago. Well, Sir, the new Commerce Member may not know what Sir Charles Innes wanted to do or that Sir Bhupendra Nath Mitra told us that it is the definite policy of Government that all Government purchases should be primarily and preferentially confined to articles of Indian origin. Well, Sir, I hope I have not brought in any heat into my speech. I am speaking in the most conciliatory spirit. I hope the Government will understand the spirit of suspicion, the growing spirit of suspicion that is at the back of our minds year after year, and will be honest and fair with us. We are not asking you to-day anything that will lower the prestige of the Government. I ask the Government to fulfil their obligations which have been undertaken on the floor of this House. Let them give effect to the recommendations of the Tariff Board in full, and if they do not do so we shall suspect in our minds that the Government are not going to fulfil the other half of the obligations. The Treasury Benches who sit there live in Simla and Delhi. They have very little time to see that the departments under them carry out the orders that have been issued by them for purchases of articles of Indian steel. The Railway Department, the Agents of the various railways, the store-keepers and the head store-keepers of railways, as also the store-keepers of the Provincial Governments in the various departments, and the various underlings of the Indian Stores Department all try to evade this order and interpret rules framed to suit their own taste. That is why we want it declared on the Statute-book, and I commend my amendment to the Government and to this House.

Mr. M. S. Aney (Berar Representative) Sir, I would like to support this amendment on a different ground to the one which Mr. Das made out just now. His amendment seeks to create a statutory obligation on the Government to make purchases of steel of Indian manufacture, I mean Indian manufactured steel. I believe the success of the very scheme for which the Honourable Member pleaded so eloquently and has been pleading so eloquently for the last few days requires that there should be an obligation like that on the Statute-book. If we turn to clause (4) of section 2, we find that this Bill contemplates the possibility of the protection that is given by us at present proving ineffective some time hereafter. In that case power is given to the Governor General in Council to alter the duty in such a way as to make it effective. The question is whether at that particular moment the Governor General in Council will do it or not, leaving the fate of the Indian industry to chance. If this House is really serious, as I think it is, that these powers should be exercised at the proper moment and the Indian industry's fate should not be left to tremble in the balance at that critical hour, then it is necessary that whatever disadvantages are likely to accrue to Indian consumers in this country on account of the protection proving ineffective must also simultaneously accrue to the Government. If we put a statutory obligation upon the Government by compelling them to make purchases of

Indian steel, then they will be co-sufferers along with the Indian people at that time and the necessity for making those alterations for which we have made provision in the law will be more easily appreciated. From that point of view, from the point of view of making this scheme genuinely successful—a desire which the Honourable the Commerce Member has himself expressed—I would urge on this House to accept the amendment which my Honourable friend has just moved.

The Honourable Sir Charles Innes: Sir, I do not complain of any heat in Mr. Das's speech: my only complaint is that he spent the last twenty minutes in flogging what I might call a very dead horse. He suggests, as Mr. Aney put it, that we should lay a statutory obligation upon Government to give preference to Indian steel. I may point out that the amendment itself does not lay any obligation of any sort or kind on the Government. It merely says that "the Governor General in Council may by notification in the Gazette of India and in the local official Gazettes declare that the purchase of steel of Indian origin shall be given preference." Now, Sir, what is the use of requiring Government by a clause in this Bill to issue a notification of that kind when Government have already issued a notification to that effect. The Stores Rules say perfectly definitely that "all articles which are produced in India"—I pause here to point out that that covers steel and steel articles—"shall in preference to articles not manufactured in India or wholly or partly manufactured in India, for Government purposes be purchased locally." We have already issued orders in the sense in which Mr. Das asks and I do suggest that it is quite unnecessary to add this clause to the Bill. I may add, for Mr. Das's information and for the information of this House, that these Rules are now under revision by my Honourable colleague Sir Bhupendra Nath Mitra.

Mr. Das suggested that the Railway Department were not buying enough structurals—I think he said—from the Tata Iron and Steel Company; but I think Mr. Das must have overlooked what the Tariff Board say in paragraph 34 of their Report. They point out that at present the Tata Iron and Steel Company is not in a very good position to make structural sections because it has to make them in its old mills. When it has got its new mills running it will be very much easier to make structurals of all kinds. The difficulty at the present time is that the Tata Iron and Steel Company only roll certain sections and those sections do not always fit our railway bridges. We have just started in the Railway Department to carry out the recommendation made by the Tariff Board in paragraph 34, that is, to make revised standardised designs for bridges on the railways. As soon as these standardised designs are out they will be sent to the Tata Iron and Steel Company in order that Tatas may know what sections to roll. In these circumstances I hope my Honourable friend will not press his amendment.

Mr. President: The question is:

"That after sub-clause (1) of clause 2 of the Bill the following new sub-clause be inserted:

- (2) The Governor General in Council may by notification in the Gazette of India and in the local official Gazettes declare that the purchase of steel of Indian origin shall be given preference to by all the Government Departments, Railway Board, State-aided Railways, the Military Department and the Indian Stores Department in India."

The Assembly divided :

AYES—38.

Abdul Latif Saheb Farookhi, Mr.
Abdul Matin Chaudhury, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. M. S. Sesha.
Badi-uz-Zaman, Maulvi.
Belvi, Mr. D. V.
Bhargava, Pandit Thakur Das.
Birla, Mr. Ghanahyam Das.
Chaman Lall, Mr.
Das, Mr. B.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. I.
Jogiah, Mr. Varahagiri Venkata.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.

Lahiri Chaudhury, Mr. Dhirendra
Kanta.
Lajpat Rai, Lala.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Neogy, Mr. K. C.
Prakasam, Mr. T.
Rananajaya Singh, Kumar.
Rao, Mr. G. Sarvotham.
Roy, Mr. Bhabendra Chandra.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Narayan Prasad.
Sinha, Mr. Siddhoswar.
Yusuf Imam, Mr.

NOES—46.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince
A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha
Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Clow, Mr. A. G.
Coatman, Mr. J.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
E'jaz Rasul Khan, Raja Muhammad.
Ghuznavi, Mr. A. H.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hayman, Mr. A. M.
Hezlett, Mr. J.
Howell, Mr. E. B.
Innes, The Honourable Sir Charles.

Jinnah, Mr. M. A.
Jowahir Singh, Sardar Bahadur
Sardar.
Kabul Singh Bahadur, Risaldar-Major
and Honorary Captain.
Keane, Mr. M.
Mitra, The Honourable Sir Bhupendra
Nath.
Mohammad Ismail Khan, Haji
Chaudhury.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir
Alexander.
Muhammad Nawaz Khan, Lieut.-
Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Roy, Mr. K. C.
Ruthnaswamy, Mr. M.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. F. F.
Tonkinson, Mr. H.
Yakub, Maulvi Muhammad.
Young, Mr. G. M.

The motion was negatived.

Mr. President: The next amendment that I propose to take is amendment No. 10 on the first list, by Mr. Joshi.

The Honourable Sir Charles Innes: Sir, I rise to a point of order. I submit that this amendment comes within the mischief of section 67(2) (a) of the Government of India Act in that it is a measure which imposes a charge on the revenues of India and has not obtained the sanction of the Governor General.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, my amendment does not place any burden upon the general revenues.

Mr. President: What does it do?

Mr. N. M. Joshi: My amendment is that the proceeds from the duty shall not be carried to the general revenues. We are levying an import duty, and I want that the income realised from this protective duty shall not be carried to the general revenues. I therefore think, Sir, that my amendment is in order.

Mr. President: Is not the revenue derived from the protective duties part of the general revenues?

Mr. N. M. Joshi: I do not think, Sir, that should be carried to the general revenues.

Mr. Chaman Lall (West Punjab. Non-Muhammadan) May I point out, Sir, that so far as the Bill is concerned, it already affects public revenues, and this being merely an amendment no previous sanction of the Governor General in Council is necessary. Already the Bill is before us and the amendment only affects the principle of the Bill. Therefore, Sir, no further sanction is necessary under section 67(2) (a)

Mr. T. Prakasam (East Godavari and West Godavari cum Kistna: Non-Muhammadan Rural): May I also point out, Sir, that the amendment deals with monies that have yet to be collected, and which have not yet come into the possession of Government. The whole thing is to come into existence in future.

Mr. President: Does the Honourable Member suggest that the word "revenue" in the section does not apply to future revenues?

Mr. T. Prakasam: Because the whole Bill it relates to what is to come into existence in future in regard to bounties and protection.

The Honourable Sir Basil Blackett: I submit, Sir, that if this is not revenue, it is monies, and no proposal for the appropriation of any monies for any purpose shall be made except with the recommendation of the Governor General in Council.

Mr. President: That is perhaps more appropriate.

The Honourable Sir Basil Blackett: That is appropriation.

Mr. O. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, the amendment proposed by Mr. Joshi says that the fund which is collected by protective duties, if in excess of what is realisable by ordinary revenue duties, may be spent by the Governor General. Unless it says that the amount *shall* be spent, it cannot be a fair charge on the fund. It can become a charge upon that item only when the amendment says "it shall be spent".

Mr. President: I am inclined to think that the amendment of Mr. Joshi is clearly a proposal for the appropriation of the revenue or monies for a certain purpose. I do not think the Honourable Member from Bombay will contest that position. In that view I am of opinion that the amendment is out of order. It is, therefore not necessary to decide whether the amendment comes within the mischief of section 67(2) (a) of the Government of India Act.

The next amendment to clause 2 is amendment No. 2 on the second list.

Lala Rang Behari Lall (Delhi: General): Sir, my amendment is to clause 3 and not to clause 2.

Mr. President: Is it not to clause 2?

Lala Rang Behari Lall: No, Sir; it is to clause 3.

Mr. President: Then I take it that there is no other amendment to clause 2.

The question is:

"That clause 2 do stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President: The question is:

"That clause 3 do stand part of the Bill."

Lala Rang Behari Lall: Sir, I propose:

"That in clause 3 of the Bill after the word 'shall', the following be inserted:

'not earlier than the 31st day of March, 1933, except on a representation by the Indian steel industry complaining of the insufficiency of protection given by this Act and '."

Sir, in proposing this amendment I had two objects in view. The first one was to keep the industry alert so that it might be on the lookout if its interests were properly watched and guarded. The next object was to provide for an early inquiry at the instance of parties who have some interest against the industry. I submit, Sir, that in the original Bill the words "not earlier than the 31st day of March, 1933" existed, but in the Select Committee they were deleted on account of the reason that there might be circumstances which were desirable to have an earlier inquiry. I submit, Sir, that an early inquiry should be only in the interests of the Indian industry and on their complaint on account of want of protection. With these remarks, I move my amendment.

The Honourable Sir Charles Innes: Sir, the Honourable Member has been very brief and I shall try to follow his example. The Honourable Member is perfectly correct in saying that in the original Bill we did have the provision that he suggested, and I may say that that provision was suggested by the Tariff Board. But, on thinking the matter over again, we decided that it was wrong to have the Bill so rigid and inelastic and that it was wrong for us to bind our successors in that way. We thought it would be much better, and much sounder to leave the matter elastic, as has been done in the revised Bill. That was also, I may say, the unanimous opinion of the Select Committee, and I hope the Honourable Member will allow the present words to stand.

The motion was negatived.

Mr. President: The next amendment I propose to take is the one standing in the name of Mr. Chaman Lall.

Mr. Chaman Lall: Sir, the amendment that stands in my name reads thus:

"That after clause 3 of the Bill the following new clause be inserted and the subsequent clauses be re-numbered accordingly"

The Honourable Sir Charles Innes: May I suggest, Sir, that clause 8 might perhaps be put first, before the Honourable Member's amendment is taken up because it comes after clause 3

Mr. President: It is not a sub clause

Mr. Ohaman Lall: It is a separate clause, Sir

Mr. President: If it is a separate clause, the Honourable Member should have put it down as 4

Mr. Ohaman Lall: I have asked Sir, that the following clauses be re-numbered.

Mr. President: Quite right, unless the new clause is numbered 4, you cannot ask that the other clauses should be re-numbered. The Honourable Member has not put down 4 against his amendment

Mr. Ohaman Lall. It is a verbal change, Sir

Mr. President: The question is—

“ That clause 3 do stand part of the Bill ”

The motion was adopted

Clause 3 was added to the Bill

Mr. Ohaman Lall: Sir, the new clause reads as follows

“ After clause 3 of the Bill the following new clause be inserted and the subsequent clauses be re numbered accordingly

‘ The Governor General in Council shall have power to frame rules under the Act in respect of such steel companies operating in India as may from time to time be notified by the Governor General in Council, prescribing the amounts out of the profits of such companies

- (a) which would be set aside from time to time to form a depreciation fund to be used only for providing against the depreciation of existing plant; ”
- (b) which should be set aside for the provision of housing, sickness benefits and maternity benefits for workers employed by notified steel companies, whose salaries amount to one hundred rupees or less per mensem ’ ”

Now, Sir, my amendment arises out of the recommendation of the Tariff Board itself in one particular. On page 75 of the Report, Honourable Members will find the recommendation that, in so far as the depreciation fund is to be created, provision must be made in order to safeguard that fund :

“ For this reason we think that the scheme of protection might well be accompanied by an obligatory provision that a sufficient sum by way of depreciation should be set aside annually and that the depreciation fund should be expended only for the purposes for which it is intended ”

Then again, Sir, on page 96, a similar recommendation is made in paragraph 165—

“ The future of the steel industry largely depends on the formation of a reserve sufficient not only to provide against the depreciation of the existing plant but also to enable the most modern machinery to be installed. In order to ensure that adequate sums are set aside for depreciation and that the funds so provided are not diverted to other objects, power should be taken to frame rules prescribing the amount which should be set aside from time to time and the manner in which such amount may be expended. Although no immediate exercise of the power may be necessary, it appears to us expedient for Government to arm itself with such power to be exercised should occasion arise.”

[Mr. Chaman Lal.]

Now, Sir, I understand from the Honourable the Commerce Member, in various eloquent speeches that he has delivered on the floor of this House in connection with the Steel Bill, that the framers of the Tariff Report are great experts and that their word is almost equivalent to law. Now, if they are experts and if their word is to be judged on the merits of an expert's opinion, then I fail to realise why this particular recommendation which goes to the very root of the matter under discussion has not been accepted by the Government and why some provision has not been made in the Bill itself giving effect to that recommendation by the Tariff Board. Now, as I understand the Report, I understand it to mean this, that the whole scheme of protection will be nullified if power is not taken to see that the depreciation fund is properly used for the purposes of depreciation or for the renewal of plant and the Tariff Board recommend that the Government should take such power into their own hands. The protection that the Tariff Board want to extend is protection to shareholders themselves against their own generosity to themselves. They want to see that the depreciation fund is not frittered away in the shape of dividends paid out in a generous moment by shareholders. Now, Sir, that is one of the grounds on which I would recommend this amendment of mine. We have had a very illuminating debate. One Honourable Member in the lobby told me that it was a profitless debate. My amendment is not profitless since it relates to the profits of the Tata Iron and Steel Company and I want some of the profits that the Tata Company are making for the purpose of making provision for the renewal of plant and machinery.

Now, Sir, the second part of my amendment relates to another matter which unfortunately under the rules had to be ruled out when my friend Mr. Joshi moved his amendment. He wanted to achieve his aim by means of the sums that would be realised out of the protective duties to be imposed under the Bill. But under my amendment we do not touch the general revenues. All we say is that power should be taken under the Act itself in order to get hold of some of the profits made by the Steel Companies and earmark these profits for the purposes of maternity benefits, for the purpose of sickness benefits, and for housing. Sir, in the original debates that were held in 1924, Honourable Members will remember that we laid a great deal of stress upon the condition of the workers and that we also insisted that power should be taken in order to safeguard the interests of the workers in India, not only to protect the steel industry but to protect the workers in the steel industry. Unfortunately, on that occasion we were ruled out of order. But I submit, Sir, that this amendment is in order and we have every right to call upon any steel company operating in India so to use its profits as to ensure that decent conditions are provided for the workers engaged in the steel industry. Now, in view of that, the Tariff Board themselves after the debates that took place in 1924 have gone carefully into the matter and have examined the labour conditions (which they failed to do on the first occasion) at Jamshedpur, and they seem to be satisfied that the condition of the workers there is of such a nature that Tatas are supposed by the Board to be doing everything in their power for the workers. Well, Sir, I beg to differ from these experts as far as that question is concerned just as I defer from them regarding the necessity for protection. I have had the advantage with my Honourable friend over there of having visited Jamshedpur, not once but several times. I have seen the labour conditions there with my own eyes and I may say that,

although the report is optimistic in regard to schemes relating to housing, etc., no satisfactory housing arrangements are provided for the workers at Jamshedpur. No doubt they are better than they were before, but still there is a good deal to be done. Nearly half the population are without any decent or adequate housing to-day. As far as maternity benefits are concerned, we have it on the authority of people there on the spot that a large number of women are employed by the Tata Company on no more than five to six annas a day. Now what sort of provision can you make for them in the case of a necessity such as is contemplated by my amendment? There can be no provision made, there is no provision made; and is it improper, is it unjust to ask the Tata Company to devote some of their profits to helping these workers—men and women—engaged in the steel industry? Now, Sir, I do not wish to be long in relating the story of the labour conditions in Jamshedpur. All that I want is to leave it to the good sense of this House to see to it that some provision is made in the Bill, for the protection of steel workers as well as for the protection of the steel industry, against the vagaries of shareholders.

The Honourable Sir Charles Innes: Sir, my Honourable friend opposite did not state my position quite correctly—I mean my position in regard to the Tariff Board's Report. I have always taken up the same position in regard to a report by an Indian Tariff Board, namely, that we must treat that report with the greatest respect but that we need not treat it as sacrosanct—or every recommendation in it as sacrosanct. The Tariff Board can only advise the responsibility of having to decide on the Tariff Board's recommendation must rest with the Government. I think my Honourable friend will bear me out that I have always taken up that position. Now, Sir, I quite realise the importance of providing for proper provision being made for depreciation and we have considered most carefully whether we could not include in the Bill some rule-making power or provision on the lines recommended by the Tariff Board. What the Tariff Board suggested was that we should take power to see that proper provision was made for depreciation each year, the reason being, I suppose, that they were afraid lest the shareholders might demand dividends to the detriment of depreciation. Our difficulty in the matter was that we could not see how we could include a provision of that kind in the Bill and make it effective. The Honourable Member opposite proposes to confine his provision to notified steel companies. Well, supposing you have got a notified steel company and you say that it must put aside so much for depreciation supposing it does not do so, what is your remedy going to be? Are you going to say, we will withdraw that protection? And if so, would that be fair to the other steel companies who had provided for depreciation? That was the difficulty. And for that reason we thought that the wisest thing to do would be to leave the matter to the good sense of the Directors of the Company. After all, Diwan Chaman Lal says that the whole scheme will go wrong if proper provision is not made for depreciation. The real point I think is that, if the Tata Iron and Steel Company do not carry out that scheme of the Tariff Board to which reference is made in Chapter 3 of their Report, I think then they will find that the protection we are giving them under this Bill will become inadequate and this is the best way of dealing with the matter.

The same remarks apply to the proposal regarding the provision of housing, sickness benefits, maternity benefits, and the like. We do not

[Sir Charles Innes.]

see what sanction we could have for a provision of that kind and we think that if measures of that kind are to be taken up, they should be taken up by all the industries as a general measure—this concerns my friend Sir Bhupendra Nath Mitra—and they should not be confined to particular companies whom we may happen to protect. Sir, I oppose the motion.

Mr. President: The question is :

“ That the following amendment be made, namely :

After clause 3 of the Bill the following new clause be inserted and the subsequent clauses be re-numbered accordingly :

‘ The Governor General in Council shall have power to frame rules under the Act in respect of such steel companies operating in India as may from time to time be notified by the Governor General in Council, prescribing the amounts out of the profits of such companies :

- (a) which would be set aside from time to time to form a depreciation fund to be used only for providing against the depreciation of existing plant;
- (b) which should be set aside for the provision of housing, sickness benefits and maternity benefits for workers employed by notified steel companies, whose salaries amount to one hundred rupees or less per mensem.’ ”

The motion was negatived.

Clause 4 was added to the Bill.

The Schedule was added to the Bill.

Mr. President: The question is :

“ That this be the Title and Preamble of the Bill.”

Mr. Jamnadas M. Mehta: Sir, I beg to move :

“ That in the Preamble of the Bill after the words ‘ fostering and developing ’ the words ‘ the imports of British steel into British India under the guise of giving protection to ’ be inserted.”

Sir,

Mr. President: Order, order. Is the Honourable Member really serious in moving this amendment?

Mr. Jamnadas M. Mehta: I am most serious; how can I be otherwise? This Bill is the thin end of the wedge. The whole purpose of this Bill is under the guise of giving protection to the Tata steel industry to give preference to British goods.

Mr. President: The Honourable Member has already failed in his attempt to convince the House.

Mr. Jamnadas M. Mehta: I thought I should make another attempt, Sir, with your permission.

Mr. President: I would ask the Honourable Member to be more serious and not to make any further attempt.

Mr. Jamnadas M. Mehta: I bow to your decision, Sir.

Mr. B. Das: Sir, I beg to move :

“ That in the Preamble of the Bill after the words ‘ and developing the steel industry in British India ’ the words ‘ and whereas it is expedient that all State purchases of steel shall be preferentially of Indian origin ’ be inserted.”

Sir, I do not wish to make a speech

The Honourable Sir Charles Innes: Sir, the amendment is consequential on amendment No. 9 which has been lost.

Mr. President: Does the Honourable Member agree that this is merely consequential to the amendment which has already been lost?

Mr. B. Das: I do not agree to that.

Mr. President: Whether the Honourable Member agrees or not, the Chair thinks that it is consequential to the amendment which has already been lost.

The question is:

"That this be the Title and Preamble of the Bill."

The motion was adopted.

The Title and Preamble were added to the Bill.

The Honourable Sir Charles Innes: Sir, I move that the Bill be passed, and in doing so I do not propose to make any speech. We have had, I think, a very long and severe debate and if I have said anything which my Honourable friends opposite may think to be too strong I hope they will accept my assurance that it was not made in that spirit. I hope, Sir, the House will now pass this Bill and that they will remember that they have now come to the point where they have got to choose between the Government Bill, which is the Bill so far approved by the House, and an industry which comprises 21 crores of Indian money and which, as my Honourable friend Mr. Jumnadas Mehta told us this morning, has spent in the last few years Rs. 425 lakhs in wages. Sir, I move.

Mr. President: Motion moved:

"That the Bill to provide for the continuance of the protection of the steel industry, as reported by the Select Committee, be passed."

Mr. S. Srinivasa Iyengar (Madras City: Non-Muhammadan Urban): Sir, I think that at this last stage I should express my emphatic dissent from the Bill as put forward by Government. It is my misfortune to have to differ from my Honourable friend, Mr. Jinnah, and others of his way of thinking, but I have not the slightest doubt, after listening most anxiously to the debate and to the various arguments put forward by those who have taken that view, that it is impossible for us to support this Bill. Of course care should be taken to express that the real objection is not against protection. On the other hand we are for protection to such a key industry as this steel industry. But at the same time the methods adopted by this Bill are so hopelessly at variance with the principle upon which protection should be agreed to that I feel bound to express my dissent. I shall do so in the briefest possible way. In the first place, so far as the preference is concerned, there can be very little doubt that it is British preference. I should not like to use the word Imperial Preference, but there is undoubtedly British preference, and I understood the Honourable Member for Commerce, Sir Charles Innes, to concede that position. He did say that there was preference so far as regards the country of origin. I do not know what the course of the debate would have been if he had made that statement at an earlier stage before the motion to refer the Bill to the Select Committee was lost. My Honourable friend Mr. Jinnah

[Mr. S. Srinivasa Iyengar.]

argued subtly, too subtly I think—and it reminded me of a court of law—that it was not British preference. I was not able to see it. I can only look at the plain language of the Bill and it appears to me to be as much preference as it possibly can be, and if there can be any doubt about it, there is the proviso to clause 2 which says :

“Provided that the duty leviable on any such article shall in no case be less than the duty leviable on a like article of British manufacture.”

and which makes it perfectly clear that it is British preference and nothing but British preference. There is also this further fact. It was agreed, I think, that this preference should not be introduced at all without the consent of the Legislature. Now, the only question is whether it is right for the elected Members of the Legislature, who represent the popular view, to vote in favour of a Bill like the present one which does indicate clearly and in unmistakable language British preference. I say we cannot. A great deal of discussion took place as to whether our objection was economical or political, but I think it is both political and economical, and I cannot see the slightest distinction between these two aspects. They are phases of the same fundamental truth, that self-government, for which we all long. So far as I can see, it is said by the Tariff Board in their Report—otherwise an admirable report, I do not like to lack in payment of that courtesy that it is otherwise an admirable report—there is not the slightest doubt that this is British preference. Only they want to mark a distinction between the economic aspect and the political aspect. It cannot be open to us at this stage after the Imperial Conference Resolution and after what Sir Charles Innes said at that Imperial Conference, to go back upon it and to say, “What was then objected to was a technical kind of Imperial Preference; what is now introduced is a substantial kind of Imperial that is British preference. We are only against the technicality; we are for the substantial preference.” Of course advocates can make black white. We have, I think, learnt during these last six years that we cannot be subtle in matters of this description and it is my great regret that the soft steel of Indian brains and hearts has not become the hard steel, that kind of steel which is according to the British standard specifications. If we had become steel of that type I have not the slightest doubt that a great deal of talk which took place that it is not British preference would never have taken place. I recognise that men like me will have to wait till that soft steel becomes the steel of British standard specifications.

Then I come to the next objection which seems to me to be equally formidable. As has been pointed out by so many speakers, this is certainly a Bill by which the Government seeks to raise revenue directly—much more revenue than is needed for the protection which is to be given to the steel industry. At this stage I do not propose to quote, but merely to refer to, the speech which Sir Charles Innes made on the 26th January 1925, when this excellent Tariff Board made a report that the protective duty should be increased and Sir Charles Innes turned down that proposal using the very same argument which my Honourable friend Mr. Jamnadas Mehta put forward, namely, that you should not give a protection that is out of proportion to the protection that is required for the steel industry and you should not impose a heavier burden than necessary on the consumer. Then apparently the Tariff Board was not the expert body that it

has suddenly developed into. Sir Charles Innes then turned down their proposal. He advocated, and he carried the House with him, that protection lay not in action in that direction, increase of protective duty, but in the manner proposed in his Resolution, namely, the grant of bounties. I think the bounty system that has now been proposed is not a bounty system open to the economic objections which were raised as to the demoralising nature of bounties, because the system proposed was a combined protection and bounty system that has been pursued in the last three years and which has been tried with some measure of success. There is no reason why Government should have suddenly taken a departure in this direction and brought forward this Bill, unless they wanted in the guise of protective duties, in the guise of protecting the steel industry upon which this House had set its heart, an enormous sum of money, much more than would be raised if it came as a revenue duty. And I have got a constitutional objection, I have got a standing objection to put into the exchequer more money than is needed by way of raising revenue, and the ordinary customs revenue must therefore suffice. If they want revenue in the way of protective duties, that must be utilised for the payment of bounties. Then, an extravagant argument was urged the other day by the Commerce Member—and it was abandoned to-day—that Mr. Jamnadas wanted to give two crores away by way of bounties. No such thing. According to Mr. Jamnadas Mehta's amendments all that would have gone is not 2 crores but much less than the sum required to be raised. Incidentally, if I understood the Honourable Member for Commerce aright, it was stated that Mr. Mehta wanted Rs. 19 for structural sections on the one side and he wanted to give Rs. 4 by way of bounties on the other side. No such thing. The Rs. 11 were to come out only of these Rs. 19 protective duties. Government was to get Rs. 8 as revenue duty; Rs. 11 would come out of that Rs. 19 and would be available for payment of bounties. I do not propose to enter into arguments as to these figures. It may be that the amendments of my Honourable friend Mr. Jamnadas might have been worded in another form, so as not to give rise to discussion of figures. In a House like this it is impossible to discuss figures in the first instance. Unless they were discussed in Select Committee and unless the figures were there, it is open to anybody to challenge the accuracy of the figures. Those of us who have bestowed any attention upon this matter know that the figures which Mr. Jamnadas Mehta used, to use my Honourable friend Mr. Jinnah's words, were substantially correct. The amount that was required by way of bounties at present was only Rs. 25 lakhs and it is clear from a paragraph in the Report of the Tariff Board that the total output of steel during the next 7 years would not exceed 600 000 tons; and it was equally pointed out by our leader, Pandit Motilal Nehru, that ten years was required to make steel available in the country. Therefore, it is idle to contend that the system of combined protective duties and bounties is an impossible system. But I do not propose to discuss that. I only give that as a reason why I am bound to oppose this motion that the Bill do pass just now. It is clear that instead of pursuing the course which they have hitherto pursued with success this sudden departure has been taken by them for the purpose of raising duties.

Nor do I think that we can overlook the third objection, which is equally formidable. The consumers of Continental steel would certainly be affected. I do not see why great play should have been made with the word "middleman". Middlemen are Indians and they are as much

[Mr. S. Srinivasa Iyengar.]

entitled to live in this country and I suppose they have got to get profits. It does not matter to me whether they are consumers, traders or middlemen; all of them are entitled to justice. I brush aside that argument with the consideration it deserves, and it deserves no consideration. But all that I am urging upon the House is to realise that really what we are doing is to kill the Continental steel imports into India, because that is what would happen. Afterwards British merchants would lower or put up their prices as might be suitable and we do not know what would happen and Tata's steel works would have to switch on to one kind of steel or

another kind of steel as the case may be and I do not know what the future may bring. I hope those who have voted with the Government on this matter will not live to regret the fatal mistake they have committed by adopting this British preference and voting in the way they have done. I do not propose to say more. As I said, it is a very melancholy thing that on an issue of this first class importance we should have lost sight of the principle which required that we should keep ourselves stiff and firm in our attitude of uncompromising opposition to any introduction of this British preference, that we should have slackened ourselves and in our partiality for the steel, as though any side of the House was really divided in its opinion as to the necessity for protection of the steel works, that we should have really forgotten our paramount duty. That is my opinion, and I have got the misfortune to differ from those who have taken another view. It may be they are right. But I have not the slightest doubt after giving the most conscientious, the most anxious consideration to this subject and after having looked at the figures with every care, that this is a Bill which should be most emphatically dissented from and which should not be allowed to be passed. There is, I do consider, great danger not only to the consumers but also to the steel works of Tatas. That is how I read it. There have been a great many congratulations offered to the Commerce Member. I am not accustomed to congratulate the Government. Sir Bhupendra Nath Mitra very rightly, if I was disposed to congratulate Members on the other side, Sir Bhupendra Nath Mitra administered a lesson to us the other day in saying that all these congratulations imply an admission of the infallibility of the Government Benches, and therefore I do not propose to congratulate anybody, except of course to make ironical congratulations if they become necessary. The less we congratulate the Members of Government the better. That is my personal view. I certainly think from the way in which the debate has proceeded it appears clear that we have not been able to keep that stiff front which it was our duty to have kept. With these words I oppose, and oppose most emphatically and in an unqualified fashion, this Steel Bill.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): Sir, I desire to join with my leader Mr. Srinivasa Iyengar in opposing the passage of this Bill, not because I feel that the Tata industry should not be protected, but because I feel that the Bill as now being passed ought not to be passed and that it should be passed in the form in which Mr. Jamnadas Mehta would have cast it or at least in the form in which my friend Mr. Shanmukham Chetty would have cast it. Sir, there is no disguising the fact that this Bill specifically and deliberately gives preference to British goods and in so far as that is con-

cerned Sir Charles Innes frankly admitted that it does give preference and all that he was prepared to add was that they were not going to embark on a policy of Imperial Preference afterwards. So far as this British preference is concerned, I cannot take the airy view that it is merely incidental to the protection which is sought to be given to the Tata steel works; on the other hand I feel that this British preference is part of a policy which has been adopted for the past few years deliberately to give protection to British industry and to British Labour, if necessary, and in many ways to resuscitate British exploitation of India. Sir, at the Imperial Economic Conference at which my friend Sir Charles Innes was a valiant champion of Indian interests this question of giving preference to British industries and British products was considered, and he very frankly said at that Conference, and I pin him to those words:

"I have already said that without preference British goods enjoy the largest share of India's market and India is Britain's best customer. I must leave the matter at that. The Government of India must continue to reserve freedom of action in this matter."

Sir, he has not left it at that. He has now gone further and he is making the tax-payer of this country give preference to British goods at our expense, and I think it is absolutely unjustifiable that a poor country like India should be taxed for the benefit of a rich country like England.

Sir, so far as this aspect is concerned, I have to refer to another matter which appears also deliberately designed to give preference or protection to British products. I refer to the case of the wagon manufacturers. On this question, I do feel that after all that has been said the Honourable Sir Charles Innes has not dealt with the House or with the Select Committee fairly in regard to the real position in this matter. I would desire to draw attention to the fact that when the matter of protecting the wagon industry was before the Tariff Board, the Tariff Board reported that as regards railway wagons the future requirements of Indian Railways are still under the consideration of the Government. The cost of the bounty to be given on these articles is necessarily dependent on the output and in the absence of definite information of the probable future demand it was impossible for the Board to frame any recommendation. On this state of things, the matter went before the Select Committee and my friend, Mr Jinnah, very pertinently raised this matter and has made a note in his separate minute, in which he says that:

"the Honourable Sir Charles Innes has also stated that the question of wagon bounties would be considered by the Tariff Board and the Tariff Board's report would come up for consideration in September. In the meantime the amount of money available for bounties under the Steel Act was sufficient for the orders that were placed in the current year."

What are the facts? The facts are, as Sir Clement Hindley and the Honourable Sir Charles Innes told the House when the Railway Budget was introduced, that this Government had ordered wagons far in excess of the requirements of this country, and the largest part of those orders were placed in England; and we are now told categorically by Sir Clement Hindley that wagons would not be wanted for railways either next year or the year after next.

The Honourable Sir Charles Innes: We are already placing orders for wagons of non-standard type.

Mr. A. Rangaswami Iyengar: I am talking of the Indian Standard Wagon Company's wagons. I want to put it to the House whether it was fair to us to say that the question of giving bounties to the wagon manufacturers in this country would be considered in September and in the meanwhile the bounties would go on, when no wagon orders were intended to be placed in this country for several years to come.

The Honourable Sir Charles Dimes: We are placing orders for nearly 1,800 wagons this year.

Mr. A. Rangaswami Iyengar: That is not the point. The question is whether under the Tariff Board's Report, when the Wagon Company wanted protection for wagon manufacture, after they had put down plant, machinery and capital for a steady supply of wagons to the railways in this country, the Government should turn round and say, "We shall not be wanting wagons for five years" and then to tell the Select Committee at the same time when the question will arise in September when you had already filled your requirements and will not want wagons for some years. If that is the position, it is not treating the House fairly when you say that the wagon question will be considered later. What is the reason for this, that so far as we are concerned, these wagon orders as well as many other orders for British steel goods were placed in England in excess of requirements? I can also instance the question of locomotives. The whole position is that British industries were specifically favoured, I understand, by means of demi-official correspondence, not only as to the actual requirements in this country but also as regards anticipated requirements, and in the case of anticipated requirements orders were placed far in excess of real requirements with the result that we find that wagons are very much in excess, and we are told that this has been a new discovery, a discovery which has been brought to notice by special enquiries made by the Railway Board. We have also been told that workshop improvements have been made which have resulted in so many quantities of excess stores being found to-day. I say that huge quantities of materials have been imported into this country out of proportion to all requirements. I say that that is a direct act of preference to British goods. I therefore say that this Bill has gone further and given a preferential treatment to British steel and we say that this is a very wrong thing, and we cannot associate ourselves with any matter of this sort. If it is true that the wagon industry is not going to get bounties, if the Government are aware of that, then what is the reason again of putting an import duty on wagons imported into this country at only 10 per cent. instead of 17 per cent. as on other similar classes of goods? The position therefore is that the Indian Standard Wagon Company and other companies will not get bounties because there are no orders. On the other hand, wagons produced in England will be brought into this country at a rate of duty lower than it should be. Apart from anything else, the symmetry of the Act requires that steel products included in wagons ought to be put under the same category as other standard steel. Therefore, I feel that this Act as enacted is undesirable. It is a deliberate attempt to give preference to British goods, to place British manufacturers in full supply of orders from this country through the Government. I say we cannot associate ourselves with such a policy by passing this Bill in its present form.

Mr. M. A. Jinnah: Sir, I feel I must say a few words before this Bill leaves this House. I can assure my Honourable friends who differ from me that I have, to the utmost of my abilities and my judgment, examined this Bill and I have clearly come to the conclusion that this Bill is in the best interests of India. (*An Honourable Member:* "No.") That is my opinion. I assert it, and repeat it again, that in my opinion it is in the best interests of India as compared with the other two schemes placed before the House. Sir, that being my conviction I have supported this Bill. My Honourable friend, Mr. Srinivasa Iyengar, at least had the grace to say this, that he may be wrong and we may be right. Time will show that, and the verdict of time will either condemn him or condemn me.

It has been said that it is not Imperial Preference but nevertheless it is British preference. It has been said, that Sir Charles Innes admitted, but I even would not admit, that it was British preference. That is the allegation against me. I do not know that Sir Charles made any such admission, but, as I understand British preference, it means that you give a distinct advantage to Britain for her sake. Here there is no such idea if this differential or this discriminative duty which we are proposing is in our own interests, then it is not British preference, and it is economically in the interests of India, and therefore I have no hesitation in supporting this Bill.

There has been a great deal of talk as if we were making a great gift to England. I am not holding a brief for English manufacturers. I do not hold a brief for Government. I hold a brief for India, and I say this, if Honourable Members have looked into the figures, the so-called preference which is sought to be given to Britain or British steel is a mere trifle in money value. The total British steel imported into India is 600,000 tons, twelve and a half crores of rupees a worth and the so-called gift which I am charged with being a party to making is with regard to only 86,000 tons of British steel worth 1.3 crores that is to say hardly 10 per cent. of the total British steel that is imported into India comes under the differential duties. Sir, if Honourable Members will take the trouble as I have, a great deal of trouble, the money value of this gift is not even ten lakhs of rupees as against the balance of 500,000 tons of British steel worth 12½ crores of rupees, and the total export of British steel is 4 millions. Do you think that you are encouraging British trade by this trifling difference which is made? I say that trifling difference is being made purely for the purpose of protecting our home steel which has got to compete half and half against the British Continental steel. Sir, I assure the Honourable Members here, that it has given me no pleasure to differ from them. It has given me great anxiety before I decided to differ from my Honourable colleagues with whom I am in general agreement on the majority of questions, but I have differed on this question and I think you will give me the credit, as you have already so expressed which I acknowledge, that I have done so because I believe it is in the interests of India.

Dr. B. S. Moonje (Nagpur Division: Non-Muhammadan): Sir, the question has been dealt with from the expert and technical points of view. I shall only speak of it from the political point of view. It looks as if, particularly when Mr. Jinnah has been supporting the Government Bill, from the Government point of view we are in a most unenviable position. Here

[Dr. B. S. Moonje.]

in their consuming anxiety the Government feel that they have put forward a Bill for promoting the best economic interests of the steel trade and of India, and here we are on this side, crooked-minded people as if it were, giving all sorts of opposition to them, putting forth all our protests and ignoring their desire for promoting the best economic interests of the country. The thing is heightened when our colleague in the position of Mr. Jinnah is supporting them. What is it? Is it really a fact that there is something behind the movement for giving protection to the steel industry? Sir Charles Innes in his speech pointed out in a sentence, which clearly ought to have indicated the motive that was inspiring him. He said :

" On the one hand we have these powerful, mature, efficient steel firms in England, Scotland and on the Continent fighting for their very existence in a contracted market and cutting their prices in the struggle. On the other hand you have the Tata Iron and Steel Company passing through, as I have said, the most difficult stage of its existence."

We unfortunately, leaping with joy because Government were making an effort to give protection to Indian steel, entirely forgot what the motive behind that movement was. Three years ago it was protection to Indian steel, three years after it is protection to Indian steel and British steel along with it, because it is in the economic interests of the country. Who knows three years hence it may be in the economic interests of the country to give preference to Continental steel also. In 1924 preference to Indian steel, in 1927 preference to Indian and British steel, perhaps in 1930 it will be Indian preference and Imperial preference. All along we were protesting that the whole Bill was based on the one idea of preference, and equally my Honourable friend Mr. Jinnah was protesting that it was not. All along our Honourable friend over there, the Member for Industry, kept gracefully mum and never spoke or said whether it was preference or not. But when Mr. Jamnadas Mehta's motion was put to the vote and lost then he did speak. Then he spoke out and admitted that there was British preference. My friend there, the Honourable Mr. Jinnah, has been a long-standing Nationalist working for India. He ought now to see whether he has not been captured and caught in the meshes of British diplomacy. If that is so there is time yet for him. The motive of this Bill is more than we can conceive of. I will make a quotation from the *North Eastern Daily Gazette* of Middlesborough about the position of the British steel trade :

" It is a tale of almost unrelieved gloom. After four years of industrial depression of such severity as to shake the financial credit and stability of even the most powerful of the British steel combines, there were indications of a gradual emergence into the sunshine of returning prosperity, when the Mining Federation delivered its devastating blow. It was the crowning disaster to the British iron and steel industry and the balance sheets of the various companies recently published afford eloquent testimony to the losses of the non-combatants. Of course the iron and steel industry was not the only sufferer. The devastating blight of a stoppage of the fuel supply from the British coalfields permeated with baneful effect almost every branch of industry. But without exception iron and steel manufacture has been the most seriously crippled industry. It was numbered amongst the first of the casualties, and its recovery will be the longest delayed. Falling just short of 2,500,000 tons this year our pig-iron production will be considerably less than half last year's modest total, and rather less than one-fourth the 10,250,000 tons in 1913."

' Here is a clear indication, and the thing has been going on for many years after the war, and the Honourable Sir Charles Innes gave us a clear indication in his speech when he introduced the first scheme of preference in British India in the shape in which it was introduced, and we leapt with joy and said, here is a change in the heart of the Government which is

now coming forward to give protection to our Indian industries. I say it is not too late; mistakes everybody commits, and if my friend Mr. Jinnah over there thinks he has been caught in the meshes of British diplomacy, subtle as it is, there is yet time for him when the Bill goes to the vote, and I hope he will add his strength to our voting side. I oppose the Bill.

Mr. T. A. K. Shervani (Cities of the United Provinces: Muhammadan Urban): Sir, I rise to raise my voice at this stage simply to warn certain Muhammadan Members, who in season and out of season harp on the safeguarding of Muslim interests, that by passing this Bill they are hitting hard at 10,000 artisans in my Province alone, who make steel trunks and locks. The final stage has just been reached; they have not committed themselves. I have warned them privately, and now I warn them on the floor of this House that they are hitting hard at these interests that they profess to protect.

Pandit Dwarka Prasad Misra (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, as on a former occasion I rise only to make a few observations and do not propose to place figures before the House at this last stage of the Bill. My Honourable friend Mr. Jinnadas Mehta has been attacked from all sides. Sir Charles Innes accused him of exuberance; my Honourable friend Mr. Jinnah also accused him of posing as a great economist. The Anglo-Indian Press is accusing him. . . .

Mr. President: The Honourable Mr. Jinnadas Mehta can well take care of himself. Please come to the point.

Pandit Dwarka Prasad Misra: I am not beside the point, Sir. He has been accused by the Anglo-Indian Press of having let his embittered sense of politics run away with his sense of economics. But, Sir, I want to point out on the floor of this House with all the emphasis that I can command that it is our embittered sense of economics that it is responsible for our embittered sense of politics and not *vice versa*.

As regards the Bill itself to me, Sir, the whole question appears to be very simple. We are out to protect our steel industry which is in its infancy. We know that if we want to give protection to our steel the consumers and the tax-payers must suffer more or less. We are prepared to go back to the country and ask the consumers to suffer ungrudgingly. But, Sir, the Bill that is before us and that claims to embody our sense of sacrifice and patriotism betrays the interest of both the consumer and of the steel industry.

The other day, Sir, I was much amused to hear my Honourable friend Sir Bhupendra Nath Mitta say that formerly the Tariff Board has been many times complimented on its findings and so why not this time also accept the new proposals of the Tariff Board as the result of its new experience? For my Honourable friend's enlightenment and for the information of the House I will just read a paragraph from an Anglo-India paper which lets the cat out of the bag. The *Englishman* writes in a recent issue:

"It is unfortunate that these considerations are only now, 3 years after the event, beginning to find a place in Tariff Board Reports. Precisely the same arguments were used repeatedly at the time of the first enquiry by ourselves and by our contemporaries, the *Statesman* and the *Pioneer*. Sir George Rainy and his colleagues were at that time suffering very severely from a Tata complex, and, until given a strong hint by Lord Reading during one of his Calcutta visits, continued bent on exceeding and misreading the terms of their reference."

[Pandit Dwarka Prasad Misra.]

Thus, Sir, we see clearly that the present policy is the result, not of any new experience gained by the Tariff Board, but of a strong hint given by no less a person than Lord Reading. I may be permitted to say, Sir, that we non-official Members, at least the Members on this side of the House, are still suffering from a Tata complex which circumstances have almost made a national complex with us and that we are not prepared to take the hint of Lord Reading.

It has been suggested that it is of the highest importance for the industrial development of this country that steel of the highest quality should be used in India's enterprises. Now, Sir, this is the old old story again. Our masters are never tired of prescribing efficiency and quality for us. Not content with having imported the Lloyd-Georgian steel-frame they want that every Indian house should have this steel frame. I do not know, Sir, how long we are going to be the field for England's outdoor relief and dumping ground for England's superfluous steel and superfluous sons over there. It was said by my Honourable friend Mr. Chetty the other day that Belgian and German bridges have not collapsed by using German and Belgian steel. I will not travel beyond the limits of my own province and would ask Sir Charles Innes whether the bridges that were washed away in the Nerbudda floods in my province in the last monsoon were made of Continental steel or British steel?

The most remarkable thing is that the Government Members are anxious to rush this Bill through this House as soon as possible. I should have been very glad had I seen them showing the same anxiety in the case of the Currency Bill with which, I submit, this question is not altogether unconnected. Had we been in a position to know the prices of Continental and British steel on the one hand, and of Indian steel on the other, we would have been able to solve this question very easily. But so long as the ratio question remains unsettled this can not be done with any amount of certainty. The Government are more anxious to pass this Bill than to give us a stable currency. I strongly oppose the passing of this Bill on this as on other grounds.

The other side of the House have succeeded in capturing some of our friends, and the Honourable Sir Charles Innes on the strength of that said the other day that he could afford to enjoy our criticism. Sir, that shows the high sense of responsibility that the Government Members possess. I want to emphasise that if they persist in this sort of thing—calling the Members of the Select Committee amateurs and ridiculing Mr. Jamnadas Mehta on having produced his scheme within two hours—this sort of thing cannot go on. I want the Honourable Members opposite to entertain a greater sense of regard for the opinions and feelings of Members on this side of the House. I request my Honourable friend Sir Charles Innes that when he gets up next time to reply he will not show the same spirit again. I have noticed that when my Honourable friend Sir Basil Blackett is attacked by Members from this side of the House and Sir Charles gets up to support him he makes a very conciliatory speech; but when he himself is exposed by Members on this side he frets and fumes. The other day he lost his temper and said that Mr. Jamnadas Mehta ought to be ashamed to read the report of his speech at night. Perhaps the House and myself certainly would be interested to know which one of the two was ashamed of his performance. With these words, Sir, I oppose the passage of the Bill.

Mr. C. Duraiswamy Aiyangar: Sir, in 1924, my Honourable friend Sir Charles Innes thought more of this country than of his own country. Now that he is nearing the shores of England he thinks more of that country than of this; and I am sure by this Bill he is paving the way for a great ovation when he reaches the shores of England. Sir, that this Bill would sooner or later come on and thereby the policy of British preference established in this country was prophesied by me even when he brought the first Steel Protection Bill in 1924. On that occasion I asked for the amendment of the Preamble to that Bill by deleting the word "discriminating" and substituting for it "in pursuance of the declared future policy of protection." On that occasion, Sir, my Honourable friend Mr. Jamnadas Mehta told me that I did not know English. Now he realises with a vengeance what English means. Let me congratulate the other side on having taught him very impressively what English means and what India means in this Bill.

Sir, on that occasion I used the following words:

"The word 'discriminating' in the Preamble is absolutely unnecessary in an independent country, but in a dependent country where the policy of the country and its Legislature has to be shaped according to the interests not of its own but according to Imperial interests, then alone the question of discriminating protection comes in. Therefore I see in this word 'discriminating' consequences of a far-reaching nature."

Sir, I hope the House will have now realised what the prophecy that I made was and how well it has been fulfilled. But at any rate, Sir, things having become almost a settled fact by this Bill, I am inclined to take a philosophic view of these things rather than a practical view or to take into account the practical inconveniences which loom ahead in the eyes of others. Sir, I feel that what we had in the Mughal period and in the ante-Mughal period, we are now getting back in 1927. In that period, Sir, British commercial interests made solicitations, made cajoling requests to the then Emperors; and the then Emperors in their broad-mindedness gave the British a preference then. Now by the force of authority they are taking it, not by request but by command, by power, by influence. Sir, if you only trace briefly to that period the history of the tariff policy observed in India, you will find in the ancient period that the English were let off with a payment of an annual sum of Rs. 10,000, whereas the Danes, the French and the Portuguese were asked to pay $2\frac{1}{2}$ per cent. import duty plus 6 annas discount per rupee on the value of articles imported. The Muhammadans were not more favoured than the British. They were asked to pay $2\frac{1}{2}$ per cent. and all other imposts including the inland transit duties. The Armenians were asked to pay $3\frac{1}{2}$ per cent. and all other imposts. The Hindus were asked to pay 5 per cent. and all other imposts. The most favourable concession given was to the British—even in preference to the Muhammadans and the Hindus of this country—under the rule of the ancient Emperors. Now, Sir, as a reward for that what is it that the British were doing in 1832 in levying import duties on articles that went from India to England? They levied 60 per cent., 70 per cent. and in some cases even 200 per cent. upon articles that were imported from this country into England, in order to promote their own industries, and when the question arose of what kind of preference they could give to imports, they gave preference to their own Colonies and placed India and Indian imports into England on the same level with other nations. Sir, that is the reward which we had from the British Government for all the concessions which the old Emperors were

[Mr. C. Duraiswamy Aiyangar.]

then showing; and now we are going back to those ancient ages and giving this preference. I, therefore, Sir, attack this Bill on that one and only ground.

Secondly, Sir, you will see that this Bill is described as a sort of nectar or sweet milk for this country and that the Honourable Sir Charles Innes is never tired of waiving the sword over this Assembly by saying "Either take this Bill or nothing at all." I thought, Sir, he had left this sword behind in the old Assembly Chamber; but I now find that he has brought it along with him even to his seat over here. Now, Sir, we are not afraid of that. What I say and what I want to tell my countrymen is that instead of swallowing one pot of sweet milk which is mixed with an ounce of poison, rather discard the whole milk and be satisfied with the position which we already have.

Sir, when the Honourable the Commerce Member commenced his speech at the consideration stage of this Bill, he said, evidently expecting a good deal of gratitude from this House, that very often from 1924 he had to approach this Assembly for some kind of extension of protection in one way or another. Instead of viewing it with a sense of pride, I thought he should have seen in it a sad confession of how short-sighted, how half-hearted was the protection which he introduced in the first Steel Protection Bill. As soon as the Tariff Board Report was first published in 1924, in April or May, I wrote an article to the *Hindu* of Madras, where-in I stated:

"The Tariff Board fixes a short life of three years for its own elaborate recommendations and suggests a fresh investigation in 1926-27. The Board concedes in one place that if internal competition arises by the starting of new companies, such new company will take five years to produce steel. If soon after there is to be another to settle or unsettle a policy of protection, on what foundation will the new company build its hopes? So long as provision can be made for off-setting duties, I am unable to see why a period of fifteen years should not be fixed at the outset for the working of a policy now inaugurated in the country. Inadequate and nominal reforms must run at least for ten years, but the tariff wall must be demolished soon after its construction leaving it to another architect to construct or not a similar wall again."

Sir, in the face of the Tariff Board's Report they fixed only three years as the period of protection. Was it a Tata Bill or a Steel Protection Bill, I ask once again? I asked this question then and I ask it once more. Very often pious hopes are expressed that new capital must flow in and that it is for the sake of developing that policy of inducing new capital flowing into the steel industry that these protections are now and then offered. Do you really expect, Sir, that by these half-hearted and halting protecting Bills you are inducing new capital to flow in? If at all new capital will flow in, it will be foreign capital which will perhaps flow into the Tata concern alone and no other new firm will be started with fresh Indian capital of any kind so long as you are not going to extend the period of protection, thereby sufficiently guaranteeing that those who put their capital in the steel trade will have an expectation that they will be supported. On the other hand, you first introduce three years; and now you are introducing seven years and you are coming very near my expectation; probably you will have to add five years more at the end of the period prescribed in this Bill. Sir, any way I do not find any hope that this Bill will be of any real good to this country. Far from that, we are establishing a dangerous principle, the principle of giving British preference in our trade. Englishmen are the first to preach free trade and deliver us a sermon upon it when it suits

their interests; but whenever it does not suit their interests they come and say "Give us preference. Support our industries and get on with or without yours; but let your first concern be that our industries are protected." Sir, I oppose this Bill.

Nawab Sir Sahibzada Abdul Qaiyum (North-West Frontier Province: Nominated Non-Official): Sir, I should like to say just a few words in this connection. I have been hearing the eloquent speeches of the Honourable Members very patiently, but I am sorry that I have not yet come to believe that the arguments put forward by the Honourable Members on the other side are really unbiassed. I will just refer to the remarks of my friend Mr. Shervani. These remarks have induced me to say a few words. My friend was perhaps not present all the time when long speeches were being made in this House. My experience of the debates in this House is a little different from his experience. I have noticed that every now and then a cry is raised in this House on behalf of the poor tax-payer, but never with any great effect. The Honourable Members on the opposite side say that they are the friends of the poor and that whatever they say is in the interests of those poor people. Similarly, the Honourable Members on this side press the same point and say that the measures that they propose are in the interests of the poor; and I have never been able to come to a definite conclusion whether that side or this side is really the friend of the poor.

Coming to the question of the artisans and their being thrown out of employment by this Bill, I think they will have to suffer to some extent even if the principle of our friend Mr. Jaminadas Mehta was introduced. Mr. Mehta proposes a bounty as the means of protecting the Tata's concern. Well, a bounty must come from the revenues of the country, and it means the same thing or almost the same thing—taxing the poor. If I may go back to the history of this steel protection measure, I think it originally started from the opposite side. I do not know who particularly wanted this protection, which has given rise to the question of showing preference to this or that country. The scheme of protection as originally started was at least praised from the other side, and if it has brought almost the giving of preference to the British steel, I am one who will not oppose that. Protection to the Tatas in itself is a preference at the cost of the poor, whether by the grant of a bounty or by the imposition of a protective duty, and why should we grudge it to the British if it falls to their lot in the ordinary course? I have noticed that preference is already shown by the British to Indian exports in some cases. I am not quite sure of my figures, but I think I can mention the commodities on which preference is given, I mean tea and coffee and some such things, on which preference is already given. Let us begin to give them preference from this side and put them under an obligation to us, so that we may expect the same preference from them to our exports. Somebody must start the preference. Why should we not give this preference so as to claim a return of the same treatment from the other side? Well, I do not think I can say more on this subject, but even if it is a question of giving preference to the British, I should advise the House to avail themselves of this opportunity of giving this trifling preference so that we may establish a claim for a return of this preference.

Mr. J. Coatsman (Director of Public Information): I move, Sir, that the question be now put.

Mr. President: The question is that the question be now put

The motion was adopted

Mr. President: Does the Honourable Member in charge wish to say anything?

The Honourable Sir Charles Innes: I do not wish to say anything

Mr. President: The question is

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be passed"

The Assembly divided

AYES—52

Abdul Aziz, Khan Bahadur Man
Abdul Matin Chaudhury, Maulvi
Abdul Qayyum, Nawab Sir Sahibzada
Ahmed, Mr K
Akram Hussain Bahadur, Prince
A M M
All son, Mr F W
Anwar ul Azim, Mr
Ashrafuddin Ahmed, Khan Bahadur
Nawabzada Sayid
Ayyangar, Mr V K A Aravamudha
Ayyangar Rao Bahadur Narasimha
Gopalaswami
Bhore, Mr J W
Bhuto, Mr W W Illahibakhsh
Blackett The Honourable Sir Basil
Clow, Mr A G
Coatman Mr J
Donovan Mr J T
Dunnett, Mr J M
E'jaz Rasul Khan, Raja Muhammad
Ghulam Kadir Khan Dakhan, Mr
W M P
Ghuznavi, Mr A H
Gidney Lieut Colonel H A J
Graham Mr L
Greenfield, Mr H C
Haigh Mr P B
Hayman Mr A M
Hezlett Mr J
Howell Mr E B

Innes, The Honourable Sir Charles
Jinnah, Mr M A
Jowahri Singh, Sardar Bahadur
Sardar
Kabul Singh Bahadur, Risaldar Major
and Honorary Captain
Keane, Mr M
Mitia, The Honourable Sir Bhupendra
Nath
Mohammad Ismail Khan Haji
Chaudhury
Moore Mr Arthur
Muddiman The Honourable Sir
Alexander
Muhammad Nawaz Khan Lieut
Sardar
Nasir ud din Ahmad Khan Bahadur
Natique Maulvi A H
Paddison Sir George
Parsons Mr A A L
Rahimtullah Mr Fazal Ibrahim
Rajah Rao Bahadur M C
Roy Mr K C
Rov Rai Bahadur Tarit Bhusan
Ruthnaswamy Mr M
Singh Rai Bahadur S N
Suhrawardy Dr A
Sykes Mr E F
Tonkinson Mr H
Yakub Maulvi Muhammad
Young, Mr G M

NOES—40

Abdul Latif Saheb Farookhi, Mr
Acharya, Mr M K
Aiyangar Mr C Duraiswamy
Aney Mr M S
Ayyangar Mr M S Sessa
Badi uz Zaman Maulvi
Belvi Mr D V
Bhargava Pandit Thakur Das
Birla Mr Ghanshyam Das
Chaman Lal, Mr
Chunder, Mr Nirmai Chunder
Das Mr B
Das Pandit Nilakantha
Dutt, Mr Amar Nath
Dutta Mr Sris Chandra
Iyengar Mr A Rangaswami
Iyengar Mr S Srinivasa
Javakar Mr M R
Jogah Mr Varshagiri Venkata
Kalkar, Mr N C
Kodwai, Mr Rafi Ahmad
The motion was adopted (Cries of "Shame")

Kunzru Pandit Hirday Nath
Lahiri Chaudhury Mr Dharendra
Kanta
Lajpat Rai Lala
Malaviya Pandit Madan Mohan
Mehta Mr Jammadas M
Misra Mr Dwarka Prasad
Moonje Dr B S
Mukhtar Singh, Mr
Murtaza Saheb Bahadur, Maulvi
Sayyid
Naidu Mr B P
Neogy Mr K C
Rananiaya Singh Kumar
Rang Behari Lal Lala
Roy Mr Bhabendra Chandra
Shafee Maulvi Muhammad
Shervani Mr T A K
Singh Mr Narayan Prasad
Sinha Mr Siddheswar
Yusuf Imam M-

Mr. President: Order, order. The cry "Shame" has become so common in this Chamber that the Chair has decided to put its foot down in the interests of the dignity of this House.

DEMAND FOR SUPPLEMENTARY GRANT—*contd.*

AVIATION—*contd.*

Mr. President: The House will now resume further consideration of the following motion moved by the Honourable Sir Basil Blackett on the 9th February, 1927:

"That a supplementary sum not exceeding Rs. 9,96,000 be granted to the Governor General in Council to defray the expenses that will come in course of payment during the year ending the 31st day of March, 1927, in respect of 'Aviation'."

Mr. Chaman Lal (West Punjab; Non-Muhammadan): Sir, we are taken unawares in regard to this motion. But, since it is now going to be discussed, I propose, Sir, to deal at length with this motion. The motion, Sir, is for a supplementary sum and we have been presented with a blue-book entitled "Note on the Policy proposed for the advancement of Civil Aviation in India". And I note, Sir, on page 1 of this memorandum, which has been circulated to Honourable Members, that it is stated in paragraph 2:

"In November last, the Government of India published an important memorandum by the Indian Air Board, a Board constituted some years ago to advise Government on the various aspects of proposals connected with civil aviation, which consists of the Secretary to the Government of India in the Department of Industries and Labour as President, with the Air Officer Commanding in India, the Director General, Posts and Telegraphs, the Director General of Observatories, and two representatives of the Finance Department as Members."

Now, Sir, I do not know what sort of Board this is, whether it is composed of any experts in regard to aviation or not. There is apparently one gentleman on this Board, the Air Officer Commanding in India, who ought to know something about this subject. The others, I take it, are absolute amateurs, including my Honourable friend over there, the head of the Industries and Labour Department. (*The Honourable Sir Bhupendra Nath Mitra*: "He is not on it".) He is not. The Secretary to the Government of India in the Department of Industries and Labour. The Secretary is on it. I take it, Sir, that he is not an expert. Now, this is a Board of people who are not experts in charge of this Department and it is being proposed that we should sanction the appointment of a Director who would be an expert and whose services should be borrowed from Great Britain and who should be brought over here. Rs. 26,000 are being asked for from this House towards the remuneration of this gentleman. Now, Sir, we find in the proposal that there is this Company, the Imperial Airways Company, which wants to extend its airways transport to India. We are being asked to pay certain sums of money towards the furtherance of that object. Sir, I rise to oppose the payment of a single pie towards this object and I shall detail my reasons presently. Now, what are the amounts that are being asked for? The amounts that are being asked for are as follows: (Honourable Members will find them on page 6 of the memorandum).

Firstly, then, there is a site for an airship mooring mast at Bombay—Rs. 8,25,000. Now, I do not know in whose interests and for whose benefit

[Mr. Chaman Lall.]

this site is being opened up except more to help a private company which is being subsidised by the British Government. The second item is a site for an airship base at Calcutta,—Rs. 1,41,000. That is, I take it, only a book entry. The transfer of a site at Rangoon which is also going to be a book entry, considering that the land is going to be taken over from the military authorities and handed over for this purpose. Then, Sir, there is another item:

Budget estimate for 1927-28:

Establishment of a civil air route across India—Rs. 1,50,000.

Establishment for office of Director of Civil Aviation—Rs. 26,000.

Now, Sir, one of the main objects of my opposition to this grant is to be found on page 7, the reasons are to be found on page 7, paragraph 2, which I take the liberty of reading to Honourable Members of this House!

"Moreover, apart from this question of internal services, it has been recognised, ever since commercial aviation became a practical proposition, that India's geographical position marks her out as an all-important link in any air route between Great Britain and her Eastern Dominions. Any service between Europe and the Far East or Australia will, on its way, have to cross India, and it is not improbable that the junction of these two routes which will almost inevitably be upon Indian soil, will, ultimately, figure as one of the most vital points in the Empire chain."

This, Sir, in my opinion is a subsidy which we are giving to Great Britain in regard to her Imperial interests in the Far East and we have had enough experience of the sort of support that India has been called upon to give to Great Britain in her Imperial adventures in the Far East and I do not think that a single elected Member of this House will be found to give his support to Government in regard to this particular measure. We have the latest and most recent example before us of Indian troops being sent off to China in order to support British adventures in China. Honourable Members opposite are demanding from this House money, sums out of the public exchequer in order to prop up the scheme in order to help in furthering the designs of British Imperialism in the Far East and for the securing of trade interests in the Far East, and one of the most important links in that scheme is aviation. They want bases created in India for the purpose of extension and support that they want for British Imperialism in the Far East. We say that there is no necessity, in spite of the fact that some Honourable Members here may have been very anxious to go and have a joy ride in an aeroplane. I do not think the public at large care two straws whether you have an aeroplane base here or not.

Now, Sir, I turn to another statement on page 7. I find that the one excuse given for the adoption of this scheme and for the founding of air bases in India is that there is a danger that foreign firms might come and exploit this particular service to the detriment of India. Now, I would like to know what this danger relates to. Foreign firms are wanting to connect India with Europe. Well, let them do so. Who will benefit by it? They say we shall benefit by it. Foreign firms may start their operations, but why should we be called upon to pay for their operations? If they are so anxious to connect the Far East with Europe by air, let them do it at their own expense. Why should India pay? It is stated on page 7:

"Under the International Air Convention, to which India is common with most of the other great nations is a signatory, no contracting State can refuse to the aircraft of another the right of flight over its territory."

We are not refusing the right of flight over our territory to any other nations. But why should we facilitate the adventures of any other nation, particularly of Great Britain, by voting for money and property for their use when we know perfectly well that there is no benefit that will accrue to us from it. The further statement is made that:

"Unless India is prepared to take her place among the countries which have interest and are interesting themselves in the advancement of this form of transport, there is a real danger that the whole of aerial transportation in India will fall into and be concentrated in the hands of foreign firms and companies, with the result that Indian capital and enterprise will be ousted, and effective control in Indian interests over the terms of the contracts under which the services will ply will be difficult, if not impossible, to achieve."

I say, Sir, this is pure eye wash. What sort of interest is India going to have? We are told of the Company operating in India—that you are going to ask them for facilities for the training of Indian pilots and mechanics. Have you not got the Air services in India attached to the military? Why cannot you open up those services? Why cannot you ask them to go forward and give facilities for the training of Indian pilots and mechanics. I see no reason why you should go in for an expenditure like this. Even if you want Indians trained as pilots and mechanics you have got facilities now in India. Make use of all those facilities. Why do you try and pretend this is only meant for the interests of India and that no other companies would give you such favourable terms as the Imperial Airways is giving at the present moment? For I say, Sir, this is eye-wash, and I do think that the real reason is, as I said before, to be found in paragraph 2, that you want bases in India for your operations for strengthening British interests in the Far East. Now, Sir the Memorandum prepared by the Air Board goes on to state in paragraph 5:

"The Air Board have therefore considered it their duty to review the whole position, and to submit their views upon it to the Government of India. In this memorandum they propose to recapitulate briefly the story of Civil Aviation, as affecting India, up to the commencement of the current year, to give their appreciation of the present situation and to state generally what steps should, in their view, be taken to assist and encourage Civil Aviation both within and without the country."

I cannot for the life of me think of Pandit Motilal Nehru wanting to own an aeroplane and going up for joy rides, nor can I imagine any Member except our martial Members of this House, trying to emulate the exploits of the Duke of Pinedo. I can quite realise that the extension of civil aviation as contemplated by this scheme is merely a means towards the strengthening of the military arm of the British Government in India and in the Far East. I am definitely convinced that there is no other object but this one object of the extension of British power in the East and in India. The Imperial Airship scheme is a very curious scheme. It is said in paragraph 18:

"The Imperial Airship Scheme contemplates a regular service by Airship from England to Karachi with a single stop in Egypt *en route*, the completed journey to be accomplished in about four days. Parliament has voted about £1½ million sterling for the scheme, of which sum about £250,000 will be spent upon the Indian base at Karachi."

They have already spent £1½ millions out of which £250,000 are intended to be spent upon the air base at Karachi. Why cannot the British Government be asked to spend the money that you are coming to us for at the present moment? Why cannot you ask them to spend all the money, not

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only a part of the money, but every penny of the money demanded by them for the scheme? No argument, as far as I have been able to discover, can be found in favour of India being involved in this adventure. If any money has been needed or is needed, that money should be found not by India but by Great Britain or by the Imperial Airways Company. There is one item, as I said, for the purpose of starting an air base not only in Bombay but also in Rangoon. In Rangoon they are going to take over a certain piece of land from the military authorities. What is the object? They want an aeroplane service between Calcutta and Rangoon. They say that that service will compete with the ordinary steamer service, but it will not compete with the railway service unless night flying is made a practical proposition with that service. Who wants that service? Where is there a demand from the public for this service? You simply talk about that, because there is a great deal of money available in India which you can get hold of for the mere asking from the Indian tax payer. Therefore, it is an adventure which you can indulge in. But I say, Sir, that any man who has come in here on the popular vote and who gives his consent to the spending of a single anna on this adventure will not be doing his duty to the average elector who elected him to this Chamber. Not only that, Sir, it will be a mere waste of money—not an ordinary waste of money—but a dangerous waste of money to allow this adventure to reach fruition on the hard earned money of the Indian taxpayer. I can find in the scheme that is before us nothing to recommend it. I have only found this, that there will be facilities available to the Imperial Airways to land their aeroplanes or their airships as the case may be on Indian soil and that further facilities will be given to them in the shape of observatories, etc., that arrangements in regard to that will be brought up to date in order that their pilots may land in safety or may arrive in safety and go across the land in safety. If it is a commercial proposition, as far as the Imperial Airways are concerned, why should the Indian Government be asked to pay any money towards this commercial undertaking? If it is a commercial undertaking on which millions of pounds are going to be spent—and some millions I dare say have already been spent—why should not the entire scheme be managed and controlled by the Imperial Airways excepting this, that the right to the use of the base in India should be ultimately in the hands of the Indian Government? You can, by any regulations that you desire, make an arrangement whereby you can control the use of these landing places. After all, if you are afraid that from the military point of view a base of that description ought not to be handed over to any private concern, you can by regulations so control the use of those bases that you are their ultimate owner. Why then should you pay for the upkeep or for the purchase of these sites? Why should you make a present of it to the Imperial Airways? What are you going to do? It is said that you are going to charge them a certain rental. At the same time the statement is made that in the earlier period the rental will be handed back to them as a sort of bonus so that you are really going to make a present of it to them. On page 2, paragraph 18 (v), this is what is stated:

“The usual housing charges will be levied from the Imperial Airways Limited for the use of the hangar. The question of whether in the early years of the service, these charges should be refunded (if this is not done the company can, under their agreement, claim the amount from the British Government) is at present receiving consideration. The financial effect will in any event be very small.”

You have a statement here that if you do not refund these charges to the Imperial Airways they can claim it from the British Government. Why do you want to pay this money out of your own exchequer to them? You want to save the British Government the payment of this money, a trifling sum as you admit yourself. What is the principle underlying it? The principle is pure generosity and philanthropy. When we come down and ask you for better wages for the railway workers or for the postal peons or for the telegraph peons, what we are told is that there is no money, but there is always money available to make a present of to the Imperial Airways, or for any other British adventure that they may desire to start in India and the Far East.

Then, Sir, on page 3, paragraph 18 (vii) it is stated :

"The Government of India agree with the Board that fair commercial rates should be charged for messages sent in connection with the Aerial services; the further points raised by them, namely, whether these charges should be refunded during the earlier years of the services and, if so, how they should be debited, are, as in the case of the housing charges already referred to, still under consideration."

I suppose there will be a refund even of the charges levied for the messages sent in connection with the aerial service so that what you are really attempting to do is that you are making a present of this sum of money, on your own statement, to the Imperial Airways Company and trying to hoodwink us by saying: "This is a great scheme; it will help transport in India and it will bring India into the orbit of modern civilized countries of the world which are trying to develop aerial transport". Again, Sir, in paragraph 18, it is stated :

"The Government of India concur in the view taken by the Board that the provision and dissemination of meteorological information is a national responsibility (it is, it is believed, so considered in every country) and should not be charged for."

Nothing is going to be charged for. It seems to me that what you are trying to do is to say, "We will charge these sums but for the initial years, we will refund these sums to the Imperial Airways for they are so poor, they have got no money, and we are so rich and so prosperous that it will not hurt us to make this present to them but it will benefit them a good deal." If you really want a commercial scheme placed on a sound commercial basis, run it yourself. But what you are trying to do is to help somebody else to run a commercial scheme and then come to us and try to get our support by saying, "We are going to get a contract from them in which it will be incorporated that Indian pilots and Indian mechanics will be trained by this Company". I say, Sir, and I repeat that if you had an intention of helping Indians to be trained as mechanics and pilots you would have done so under your existing Air Force. And you have not done it and you do not intend to do it, because you know perfectly well the dangers underlying such a step. At page 4, paragraph 19, it is said :

"For the reasons given by the Board it is certain that the necessity for a mooring mast at Bombay will arise as soon as the airship service is inaugurated."

For whose benefit? The mooring mast is going to cost Rs. 1,15,000. You referred this matter to the Bombay Government and what was the reply

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of the Bombay Government? To put it very vulgarly they said, "Go to Timbuctoo".

Now, you are giving

Mr. President! Why does not the Honourable Member address the Chair?

Mr. Chaman Lall: It is very difficult, Sir, in these circumstances to keep addressing the Chair, because I have more respect for the Chair than for the Treasury Benches:

"Hopes were originally entertained that the Local Government might themselves be prepared to acquire and reserve the necessary site; a reference was made to them on the subject, but in reply they expressed their inability to meet the cost from their provincial revenues."

They are not able to see the tremendous civilising advantages. They do not appreciate the magnanimous gesture of the Airways Company in allowing Indians to be trained as mechanics. Not the Bombay Government, but the Indian Government, see benefits, they see advantages where Provincial Governments do not see them. They see as a matter of fact far beyond the possibilities that have been explained in this Memorandum. They are looking upon this with the eyes of Imperialists, with the eyes of those who want to establish securely the power of Great Britain in India and in the Far East. I say every extension of military power in India is a danger not only to the liberties of the people of this country but a definite danger to the people of the Far East. That is about all that I wish to say in connection with this. But I want Honourable Members to realise that the feeling on this side of the House is really very strong in this matter, and I would request Honourable Members not to treat this matter as if it were merely an ordinary question of a Supplementary Grant. This is a matter of policy, of principle, with us, and if any further debate is necessary on this question, I do hope, Sir, that sufficient time will be allowed to this House to discuss the entire policy underlying this scheme which I hope will not be rushed through the House without due consideration being given by or being allowed to Honourable Members on this side of the House.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I do not often find any place for agreement with the last speaker but on this occasion I agree with something that fell from my Honourable friend opposite and that was that this debate is of considerable importance. It is a matter which it is exceedingly desirable that the House should come to a reasoned conclusion and should express itself at length as my Honourable friend did. (Laughter) Coming as it does at the end of a long day devoted to steel, I cannot help thinking that the House is not likely to come to a very satisfactory conclusion on a matter of this importance, and I beg to move, Sir, that this debate be postponed.

Mr. President: The question is that this debate be now postponed.

The motion was adopted.

The Honourable Sir Basil Blackett (Finance Member): Sir I do not move the motion* standing in my name.

*"That the Bill further to amend the Madras Salt Act, 1889, for a certain purpose, as passed by the Council of State, be taken into consideration."

The Honourable Sir Alexander Muddiman: I may explain, Sir, that we do not propose to take any further Government business.

Mr. President: Am I to understand that it is dropped?

The Honourable Sir Alexander Muddiman: Yes, for to-day. We do not move, Sir, any of the Government motions.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 22nd February, 1927.

